

ANNUAL REPORT 2010

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED



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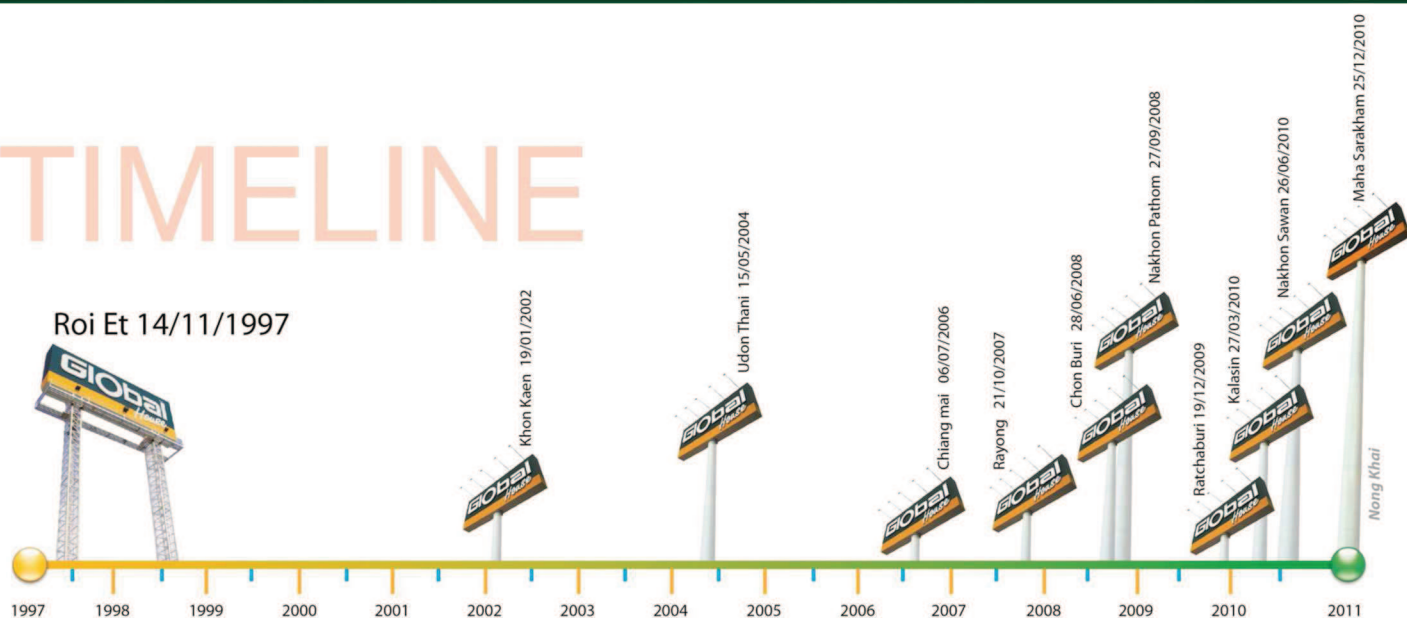
"Global House" is one of the leading construction materials and home improvement in Thailand. "Global House" was the first of its kind to integrate a wide range of product selections, more than 80,000 SKUs, in large warehouse store with an average area of 22,000 sq.m.

At "Global House" we focus on delivering the customers' unique shopping and service experience and exceeding the expectation of our customers at the most comfortable and affordable prices.

"All Inclusive for Your House"



TIMELINE



Message from the Chairman

Dear Shareholders

The year 2010 is considered to be another good year for Siam Global House Public Company limited, which had continued to grow at an acceptable rate. Despite any turbulences and unsettling situations at various parts of the Country such as the flooding toward the year's end, the revenue increased by 38.8%, which is a result of the same store sales growth and the opening of three new branches which boosted the revenue and increased the economy of scale.

The growth of the World's economy in the year 2010 has shifted to Asia, which has high population density and hence high consumption, especially the consumption of agricultural goods such as rice, sugar cane, rubber, cassava, etc. As a result, the household income has increase so as their consuming power. Construction material and home improvement products are considered as an essential element people require on day-to-day basis.

Siam Global House Public Company limited has gathered quality construction material and home improvement products in a single store for our valuable customers by our team of experts who have many years of experience and a mind for their customers. The efforts that the team dedicates had gained reputation and trust from our customers. We are proud and dedicated to keep up this work and exceed shareholder's expectation in the year 2011 and years to come.

Yours Sincerely,



Mr. Apisit Rujikeatkamjorn
Chairman
25 March 2011



Message from the CEO

Dear Shareholders

The year 2010 is considered to be another good year for us. However for Thailand, the year has been very rough with ups and downs. There were turbulences and violence in Bangkok from politics in Q2, and the severe flood affected many regions of Thailand in Q4. Despite all the turbulences and unsettling situations in Thailand, we managed, comparing to last year, 38.9% increase in revenue and 12.7% increase in revenue for existing stores. In 2010, we opened three new branches in Q1, Q2, and Q4 on the Christmas Day. Furthermore, the net profit has increase by 270 basis points and SG&A reduced by 70 basis points. These figures are the results of new opening stores and better company's management and operation efficiency from the utilization of new ERP system that was completed in Q4. However, we are yet satisfied, our team are still pushing hard to improve our efficiency and ultimately customers' experience.

We are very determined to achieve the highest cost efficiency at every level of operation, while at the same time trying to exceed the expectation of our customers with the quality and affordable product selections and our standards of services, which are:

FAST – We have a “Process Development Team” who is working to improve business processes under the Re-Engineering concept. We recently introduced Vendor Manage Inventory (VMI) system, which increases our inventory management efficiency. And our innovative Drive-Thru system is continuously improving to reduce the service time.

RIGHT – As our ultimate goal is to fulfill our customers' demand with outstanding service quality, we use Customer Relation Management (CRM) in order to respond quickly to changes of customer demands and reduce any errors in the work. We have received cooperation from our suppliers to attach barcodes from factory to balance workload of both ends and ensure accuracy.

CHEAP – we continuously work to ensure that customers can expect lower-than-market price products from our stores. We work hard to reduce wastes and non-value adding procedures in our work processes to reduce our costs. In 2011, I am promoting “Paperless Office” which could help us reduce the costs from procedures that are not adding value to our business.

EASY – We work our best to make our store “Easy” for our customers, Easy atmosphere, Easy service and Easy price. We are renovating some of older stores to meet the promises.

In 2011, we will continue to open new stores, as well as improving internal processes to meet our standards and to keep up with the expansion. We are confident we will be able to delivery the promises and the slogan “All Inclusive for your House”.



Yours Sincerely,

Witoon Suriyawanakul
Chief Executive Officer
25 March 2010

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esnoth papoq Global House



Global House

14th Anniversary

We Drive Our business

Store Expansion

Extend Our Reach to Customers

Global House has plans to expand the number of our store to service more of our customers. Global currently has 11 stores in Roi-Et, Khon Kaen, Udon Thani, Chiang Mai, Rayong, Chonburi, Nakhon Pathom, Ratchaburi, Kalasin, Nakhon Sawan and Maha Sarakham.

In 2010, Global House opened 3 new branches;

1. Kalasin : 27 March 2010



9th Kalasin



2. Nakhon Sawan : 26 June 2010



10th Nakhon Sawan

3. Mahasarakham : 25 December 2010

Global House



Private Brands

We are providing more alternative choice for customer. Global House currently has 12 private brands of good quality products to offer customers with more choices. Most of our private brand products come with warranties and our 30 days return policy. It is our focus to make our customers confident and satisfied when they purchase from Global House.



We Care Our Community and Society

Health Promotion

“8th Khonkan International Marathon”

Siam Global House Company Limited always emphasizes on the importance of exercise and people's health. In 2010, Global House has supported the “8th Khon Kaen International Marathon” by donating around 300,000 Baht. Mr Witoon Suriyawanakul Chief Executive Officer (CEO) and Global House's employees also participated the competition.



Donation for Srinakharin Day's Fund

On 17th July 2010, the company donated 500,000 baths to Khon Kaen University's medical funds, “Srinakharin Day's Fund”.

The Company realizes our roles and responsibilities for our community and society.



“Zero” Tolerance to Drugs

Global House has “Zero” tolerance to the drugs and the use of drugs. We conducted seminars, “Against Drug Abuse and Illicit Trafficking” for the employees to give them knowledge and to prevent the use of drugs. In the year 2010, Global House was awarded a “Drugs Free Workplace” by the Department of Labour Protection and Welfare.



Marketing Activity

Global House always looks for ways to give back to our customers and to promote marketing activities of the Company. In 2009 – 2010, Global organized the reward campaign “Send Coupon To Win 7 Honda City Cars” for 7 of our branches. And for 2010 – 2011, we organized another “Win 3 Nissan Marches” for 3 branches”; Ratchaburi, Kalasin and Nakhon Sawan.



We Value Our “Internal Customers”

To achieve our ultimate business goals, we develop awareness and standard of practice of “Internal Customers”. We promoted campaigns and activities that help to create better relationship among our employees together with training session which helps our employees to understand the concept and the importance of “Internal Customers”.

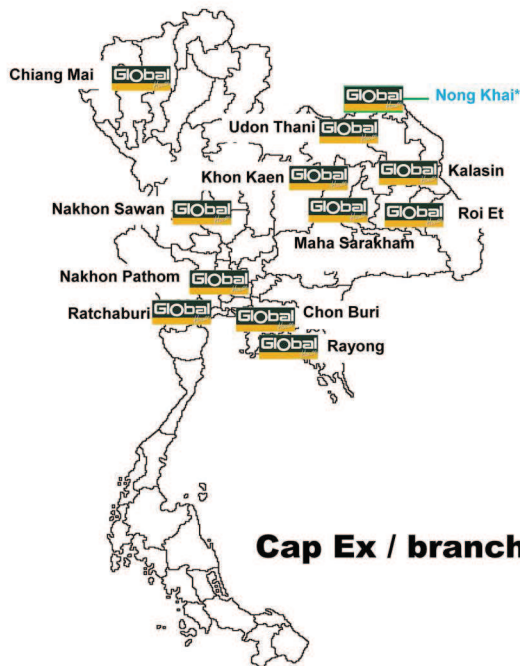




2010 Performance Update

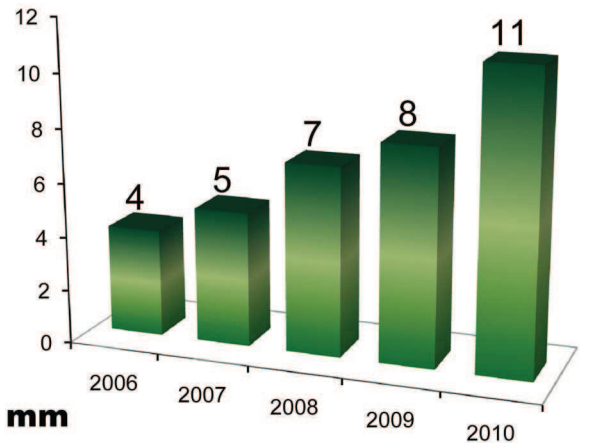


Our Growing Footprint in Thailand



Number of Branches

Branches



Sales Area
(sq.m.)

86,125 110,607 160,342 182,477 248,487

Operating Branch Details 2010

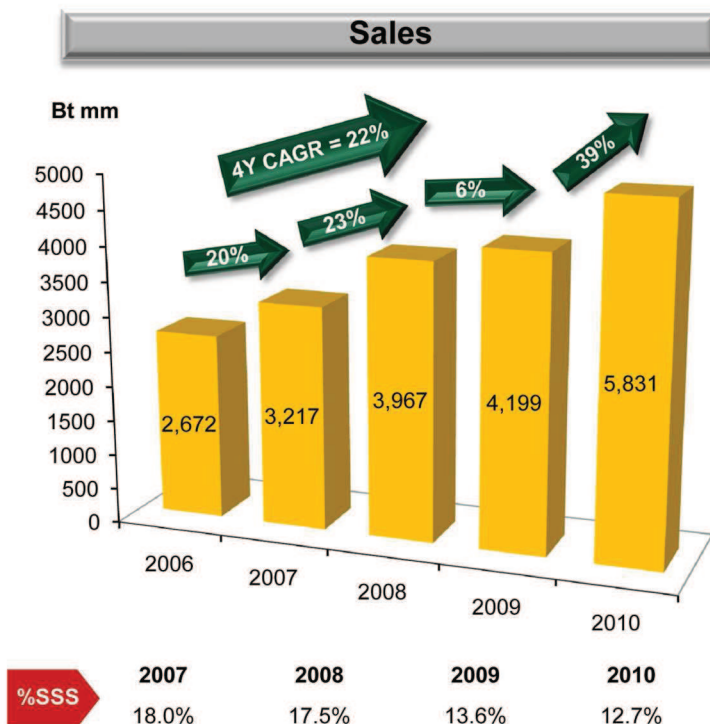
Branch (Province)	Sales Area (sq.m.)	Parking Area (sq.m.)	Start Operating (dd/mm/yyyy)
1. Roi Et	20,200	7,356	14/11/1997
2. Khon Kaen	22,950	7,200	19/01/2002
3. Udon Thani	20,420	6,780	15/05/2004
4. Chiang Mai	26,635	14,860	06/07/2006
5. Rayong	24,482	8,110	21/10/2007
6. Chon Buri	26,150	8,200	28/06/2008
7. Nakhon Pathom	23,585	10,575	27/09/2008
8. Ratchaburi	22,135	7,860	19/12/2009
9. Kalasin	18,250	8,875	27/03/2010
10. Nakhon Sawan	20,030	9,700	26/06/2010
11. Maha Sarakham	23,650	11,890	25/12/2010
Total	248,487	101,406	

Key Financial Highlights 2010

	Y2010	Y2009	%YoY	Y2009	Y2008	%YoY
Sales	5,831	4,199	38.9%	4,199	3,967	5.8%
Cost of sales	4,912	3,545	38.5%	3,545	3,315	6.9%
Gross profit	920	654	40.7%	654	652	0.2%
Other income	139	49	182.6%	49	34	45.0%
SG&A	487	401	21.3%	401	381	5.2%
Extraordinary gain / (loss)	--	215*	--	215*	(284)*	--
EBIT	572	516	10.7%	516	21	2,382.2%
Interest expense	81	71	15.0%	71	71	(1.0)%
Tax	129	87	48.8%	87	80	7.8%
Net Income	362	359	0.6%	359	(131)	374.3%
Normalized Net Income	362	143	151.1%	143	153	(5.8)%

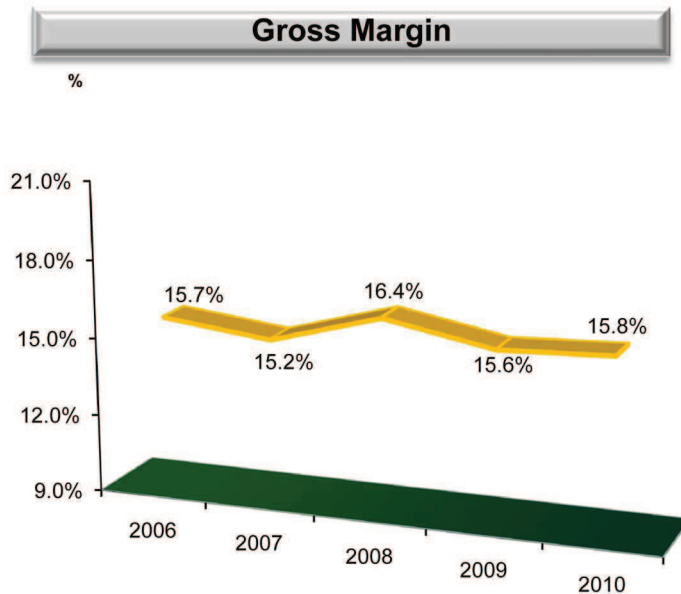
*Note: 2009 extraordinary gain included insurance claim from fire damage.
2008 extraordinary loss from fire accidental which net of Baht 150 m. of insurance claim

Strong Sales Growth



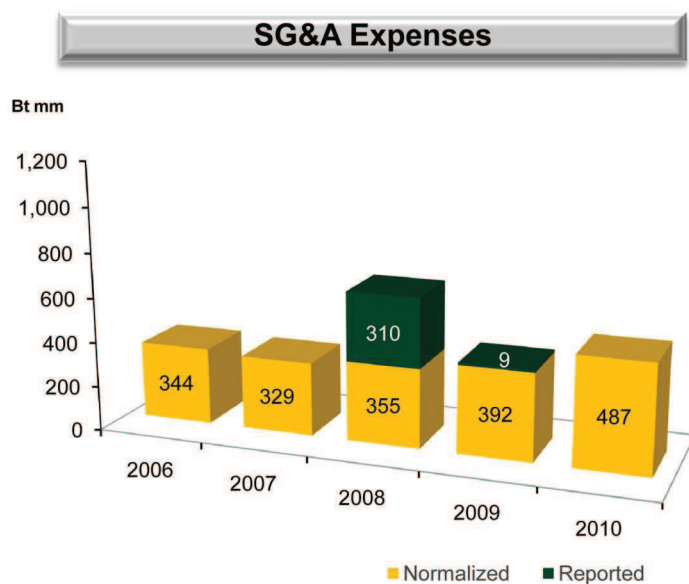
- Acceptable same store sales growth from current branches considering the state of economic recovery.
- Strong overall sales with contribution from new branches.
- Implementation of the new ERP system in 1Q made the sales season go smoothly.
- Slight decrease in 3Q during the rice cultivation season.
- The unpredicted flooding in 4Q made the growth exceptionally weak.

Maintained Gross Margin



- Reduced gross profit margin in 1Q 2010 due to volatile construction materials price and product mix.
- Gradually increasing import products to enhance the overall margin of profit in 2Q.
- Increase in inventory turn reduced gross margin slightly in 3Q.
- Decrease in gross margin in 4Q due to marketing and promotion costs.
- Increased stock levels to prepare for the 2011 sales season.

Reduction in SG&A despite with Branch Expansion

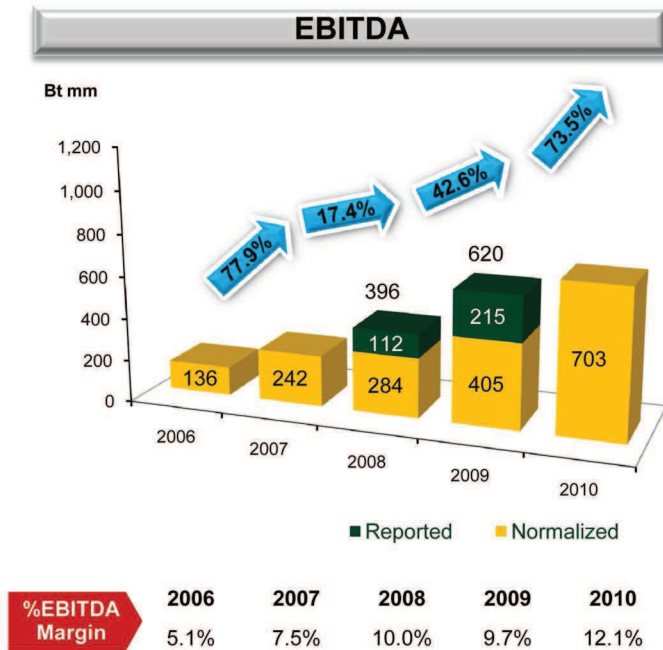


- Rising SG&A expenses along with new branches opening.
- Progressively control SG&A expenses as % of sales due to a combination of same store sales and the increase of the economy of scale.

%Sales	2006	2007	2008	2009	2010
	12.9%	10.2%	9.0%	9.3%	8.3%

Note: 2008 extra items included Bt284 mm of damage from fire and Bt26 mm of inventory loss.
2009 extra items included Bt9 mm of inventory loss.

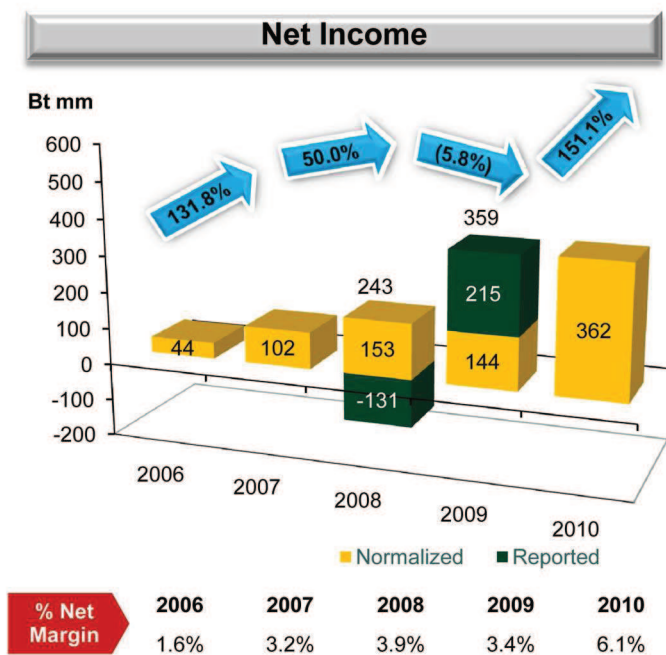
EBITDA



Note: % EBITDA Margin is compared with Net Sales.

- 2008 extraordinary loss of Bt310 mm of damage from fire.
- 2009 extraordinary gain of Bt215 mm included insurance claim from the fire damage.

Net Income

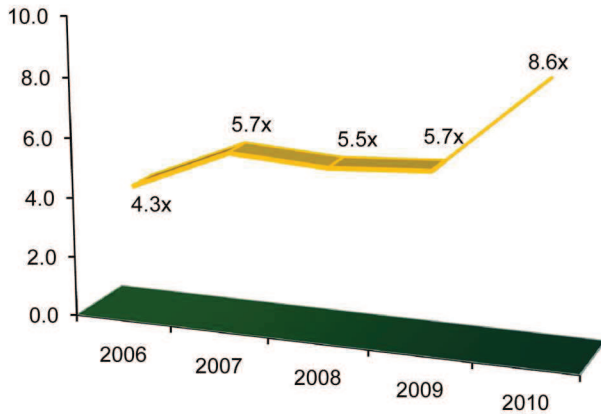


Note: % Net Margin is compared with Net Sales.

- Net profit after tax increased by 151.1% comparing to 2009 where the compensation from insurance was deducted.

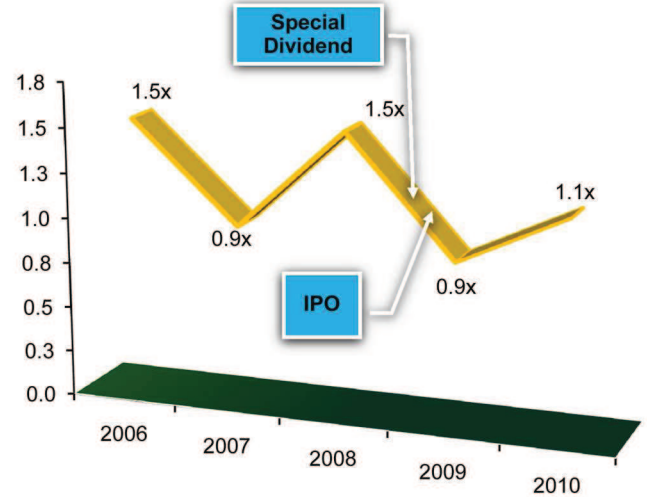
Healthy Financial Position Despite Fast Expansion

EBITDA Interest Coverage



Note: EBITDA Interest Coverage = Normalized EBITDA / Interest Expenses

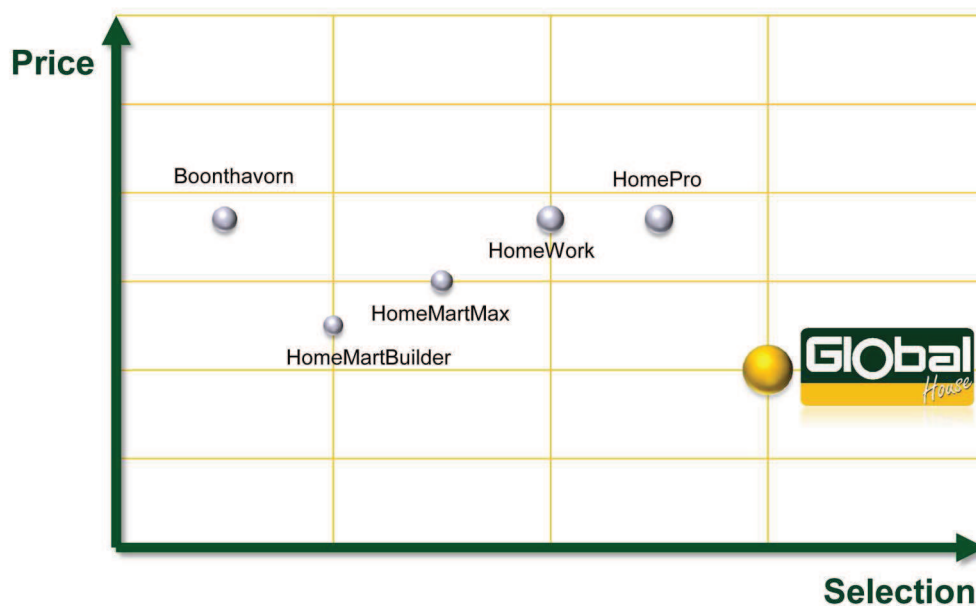
Net Gearing Ratio



Net Gearing Ratio = [Debt (Short Term + Long Term) - Cash] / Total Equity

Positioning & Average Sales Area

Positioning



General Information

Siam Global House Public Company Limited has established from the merge of two companies (Siam Global House Company Limited and Siam Global House Khon Kaen Company Limited) on 8th June 2007 with initial registered capital of 700,000,000 million Baht. The main objective of the company is to operate a retail business in construction and home improvement segment selling a wide range of product, from heavy construction material to light decorative products, in large warehouse stores under the trade name of “Global House”. The company opened its first branch in Roi Et. Global House operates under the concept “All Inclusive for Your House”. “Global House” was the first of its kind which adopted “the modern trade Innovation system” to distribute construction materials, decorative items and gardening products. The store contains various categories of items more than 80,000 SKUs, over million items. All in the huge store warehouse under the same roof where feature average area of 22,000 sq.m in order to provide our customers the convenience of viewing, feeling, and selecting the product themselves.



Siam Global House's Information

Company's Listed Name	:	Siam Global House Public Company Limited
Registration No.	:	107551000029
Industry	:	Services
Sector	:	Commerce
Address	:	232 Moo 19, Rob Muang, Muang,Roi Et, Thailand
Telephone	:	0-4351-9777, 0-4352-7222
Fax	:	0-4351-1492, 0-4351-9649
Home Page	:	www.globalhouse.co.th
Paid-up Capital	:	960,000,000 Baht
Par Value	:	1.00 Baht

General Business Operation

Siam Global House Public Company Limited objective is to operate a retail business in construction and home improvement segment selling a wide range of product, from heavy construction material to light decorative products, in large warehouse stores under the trade name of “Global House”. Global currently has 11 stores covering 3 regions; the central and the eastern 4 branches; Rayong, Chonburi, Nakhon Pathom and Ratchaburi, the northeastern 5 branches; Roi Et, Khon Kaen, Udon Thani, Kalasin and Maha Sarakham, the northern 2 branches; Chiang Mai and Nakhon Sawan. Each branch locates in the best location for customers.

Our business operations are the following;

1. “Global House” operates a retail business in construction and home improvement segment selling a wide range of product, from heavy construction material to light decorative products under the concept One Stop Shopping Home Improvement Center. Our target markets are retail customers, small distributor, and professionals.
2. “Global House” divided products into 2 groups;
 1. Building Material Group
 - i. Cements and Construction materials
 - ii. Steels, Nails and Wires
 - iii. Roofs and Installation tools
 - iv. Tanks, Pipes, Water Systems and Gardening
 2. Decorative items
 - i. Doors, Windows and Woods
 - ii. Hardware
 - iii. Electrical Accessories
 - iv. Sanitary wares and Kitchens
 - v. Ceramic Tiles and Decorative items
 - vi. Paints and Chemicals
 - vii. Furniture and Appliances

From the business expansion point of view, “Global House” was established and opened its first branch in Roi Et and continued to expand its branches to expand our reach to customers. Global currently has 11 stores as following:

Branch	Address	Opened Date	Size
Roi Et	232 Moo 19, Sub-District Robmuang , District Muang , Province Roi Et 45000	14 th Nov 1998	20,200 Square Meter Parking space Approximately 150 units
Khon Kaen	377 Moo 21, Sub-District Maliwan , District Ban-Ped , Province Khon Khan 40000	19 th Jan 2002	23,280 Square Meter Parking space Approximately 278 units
Udon Thani	202 Moo 5 , Sub-District Sam-Phrao , District Muang , Province Udon-Thani 45000	15 th May 2004	20,420 Square Meter Parking space Approximately 180 units
Wiang-Kum-Kam Chaing Mai	99/3 Moo 11, Sub-District Thawangtan, District Saraphi, Province Chiang-Mai 50140	6 th Jul 2006	28,000 Square Meter Parking space Approximately 304 units
Rayong	137 Moo 4 , Sub-District Tubma , District Muang , Province Rayong 21000	21 st Oct 2007	24,482 Square Meter Parking space Approximately 220 units
Chonburi	25/74 Moo 3 , Sub-District Ban-Suan , District Maung , Province Chonburi 2000	28 th Jun 2008	26,150 Square Meter Parking space Approximately 240 units
Nakhon Pathom	222 Moo 8 , Sub-District Lumphaya , District Muang , Province Nakhon Pathom 73000	27 th Sep 2008	23,585 Square Meter Parking space Approximately 203 units
Ratchaburi	280 Moo 2 , Sub-District Jedeekhak , District Muang , Province Ratchaburi	19 th Dec 2009	22,135 Square Meter Parking space Approximately 208 units
Kalasin	193 Moo 10 , Sub-District Lamphan , District Muang , Province Kalasin 46000	27 th Mar 2010	18,250 Square Meter Parking space Approximately 237 units
Nakhon Sawan	99/6 Moo 10 , Sub-District Nongkrot , District Muang , Province Nakhonsawan 60240	26 th Jun 2010	20,030 Square Meter Parking space Approximately 259 units
Maha Sarakham	28 Sarakhm-Wapeephathum Road , Sub-District Tarad , District Muang , Province Mahasarakham 44000	25 th Dec 2010	23,650 Square Meter Parking space Approximately 317 units

Goals and Objectives

The company's objective is to become the leader in retail business of construction and home improvement segment in Thailand. Our priority is to provide our customers with quality products, services, all at affordable price. In addition, we are continuing to improve our operational efficiency, cost management and customers' experience. Global House will continue to develop and expand our business in a strong and sustainable way.

Revenue Structure

Revenue Structure	Revenue(Million Units)							
	31 Dec 2007		31 Dec 2008		31 Dec 2009		31 Dec 2010	
	Amount	%	Amount	%	Amount	%	Amount	%
Sale Revenue	3,216.71	98.92	3,967.41	99.15	4,198.87	94.08	5,831.28	97.67
-Construction Materials Group	1,398.04	42.99	1,636.51	40.90	1,979.73	44.36	2,169.70	36.34
-Furniture Group	1,818.67	55.93	2,330.89	58.25	2,218.94	49.72	3,661.58	61.33
-Others	35.19	1.08	33.96	0.85	264.00	5.92	139.25	2.33
Total Revenue	3,251.90	100.00	4,001.36	100.00	4,462.87	100.00	5,970.53	100.00

Product Lines and Services

The company distributes construction materials, decorative items and gardening products. All in large store warehouse under single roof under the name "Global House". The store contains various categories of construction material and decorative item such as; construction material, roofing, steel, sanitary ware and ceramic tile, paint and chemical, electric and lighting, water system and plumbing, door and window, woodcraft and timber, furniture, tool, electric hardware, more than 80,000 SKUs. Each Global store features average area of 22,000 sqm and can accommodate more than 200 vehicles. The product can be divided into 2 categories.

Products

Type of Goods	Example of Goods	Number of items
1. Construction Materials Group		
- Cement and Structure	Cement Portland, Cement Plaster	87
- Steel, Tack and Wire	Steel Round, Steel Deformed bars	894
- Tile and Equipment Installation	Ceramic Tile, Concrete Tile	2,880
- Tank, Waterspout, Water System and Gardening	Plastics Tank and Stainless Tank, Trough and Gardening Equipment	6,851
2. Hardware and Decorative Group		
- Doors, Windows, Woods and Equipment	Wood doors, PVC doors, Windows, Frame	4,416
- Tools	Steels Tools, Wood Tools etc.	16,106
- Electricity and Equipment	Switch, Plug, Cables, Lighting, Home Appliances	13,708
- Sanitary ware, bath and kitchen	Sanitary ware, Bathtub	13,685
- Ceramic, Floor material and wall	Ceramic flooring, Granites tiles	9,944
- Painting and Chemical material	Paints, Base, Oil	7,811
- Furniture Equipment	Flap, Connector, Lock equipment and Placeholder	3,295
- Furniture and Home ware	Closet, Chair, bed	4,609
Total of Goods		84,286

From our concept “All Inclusive for your House”, Global provided the categories of product more than 80,000SKUs. As a result of this, the company adopted “the modern trade Innovation system” to establish large warehouse store. Furthermore, we have divided our store into 2 sections;

Area 1: Shopping Area. This is the place where the customers are able to walk and view the product freely with plenty of service mind staffs who are ready to help and support the customers with the right knowledge immediately.

Area 2: Drive Through Area This is the place where distributes construction material. We prepare many facilities such as forklifts and overhead cranes for customer service. Moreover, in the concept of Drive Through system, customers can drive their vehicles through the store to collect their order, from placing order and driving off the store with the product, all within 10 minute.

Services

As a leading construction material and home improvement retailer we focus on being:

- **Fast** – we provide our customers with a grab & go service. We have a unit called “Speed Man” who is ready to help customer loading customers’ heavy purchased items into their vehicles. We also heavily invest our resource on improving the utilization of Information Technology to speed up our work processes, which ultimately aim to improve service quality.
- **Right** – because we understand that customers expect reliability from us, so we equipped all of our associates with the right knowledge of product and with the customer-oriented mind.
- **Cheap** – customers can expect quality products at a lower-than-market price from us.
- **Easy** – we want to provide an easy and welcoming atmosphere to all our customers.
- **Polite** – all our associates are there to help out our customers in a polite and professional manner.

Special Order – This service provide for the customers who demand the product that the company doesn’t stock in the store.

Satisfaction Guarantee and Return Policy – The Company guarantees the satisfaction of customer. We offer the 30 days cash return policy for most of our product in the store. Customer just needs to bring the product and show the receipt (under the right terms and conditions).

Delivery and Installation Service – The Company provides delivery and installation services for the convenience of customers.

Marketing and the Competition

Industry Overview

In 2010, the retailing industry has grown more than the previous year. This could be the result of government investing under the Stimulate Package 2, the small investment spread across the country. Beside, agriculture goods price was rising which resulted the positive effect for the purchasing power of most people in rural area. In addition, many provinces were affected from flood in the rainy season. As a result, there were many home repair activities. Therefore, small and large home improvement business had to improve and develop plan to attract the customer need immediately.

The unsettling political situations influenced the overview of local business and investment in Q2. However, the company was not affected directly. This is because our store located in provinces affected and 80% of our targets are retail customers. Furthermore, the company had prepared strategy and marketing plan, which cover uncontrollable risks and the higher level of competition.

Competitors

We can divide our competitor into 2 groups:

1. Home Improvement Stores such as:

1. Home Pro manages by Home Product Center Public Company Limited under an objective to operate a retailing business. The company distributes construction material, home improvement under the concept “One Stop Shopping Home Center”. Home Pro currently has 40 branches.
2. Homework manages by CRC Power Retail Company Limited, which is the same board of Central Retail Corporation. The company also distributes construction material and home improvement.
3. Thai Watsadu manages by CRC Power Retail Company Limited. The company distributes construction material, home improvement under the concept “One-Stop-Shopping Construction Material Suppliers for Thai” Thai Watsadu establish its first and second branch in 2010.

2. Specialty Stores such as:

1. Small retail store: Home mart, which have the objective to distribute the SCG product. However, the company still lack of the other products such as ceramic tile, paint, electrical equipment and pumping.
2. Ceramic and Sanitary ware Center: Boonthavorn, Decormart, Grand Home Mart and Inter Sanitary Ceramic, they all focus on ceramic and sanitary ware product.
3. Furniture and decorative: such as Index Living Mall and SB Furniture. These companies sell decorative item, furniture, bed room set, living room set and kitchen accessories for high purchasing power customers.
4. Specialty Store: such as paint store, pumping store, electrical equipment store hardware store etc. However, this kind of store still lack of diversity in product and operate under traditional trade concept.

Marketing Strategy

The company aim on the Differentiation Concepts as follows:

1. **Product Differentiation** – With the vision of “All Inclusive for Your House”. We offer products that have universal appeal to everyone. More, the company also distributes the special products, which are “Only at Global” products.
2. **Service Differentiation** – The Company use Modern Trade System that allows customers to view and touch products freely and provides installation, special order services and professional consult team for the customer with called “Global Pro” to our customers. Furthermore, we always focus on the convenience of customer from the moment they come inside till they leave the store. The customer can drive their vehicles through the store to collect their order via Drive Through System. In addition, we have the 30 days cash return policy, which the customers need to show the receipt with the product.
3. **Culture Personality Differentiation** – Global House has policy for employees welcome customers with greetings. The Company aims to build the customer satisfaction-oriented mind with the right knowledge about product in all staffs. Beside, we have the policy that allow customers to choose and view product freely. The staffs will standby and support whenever they require.

4. **Perception Differentiation** – Our perception is the large warehouse store, which provides space and comfortable environment for customers to select and view product with comfort. Moreover, Global House has completely different atmosphere and shopping experience from other players.

According to the policies and strategies of the Company, it is focus to improve our store and operation under the “2P3S” concept.

BEST PRICE	Quality product at affordable and fair price
BEST PERSONAL	Efficient staff always ready to support with service mind
BEST SELECTION	Wide range of product, universal appeal to all customers
BEST SERVICE	Greatest service comparable to international standard
BEST STORE	Improve merchandising, space management and display

Furthermore, the company also operates follow the 4Ps theory

Products

The company has more than 80,000 SKUs, which we try to our best to arrange and display them in the most convenience layout that helps customers find what they look for.

We focus on the improvement of management strategy in order to provide our services for customers.

1. We established Drive Through system which customers can drive their vehicles through the Drive Through area to pay, get a receipt and collect their order within 10 minutes.
2. We use Crane for the mains product’s transaction to customers’ vehicle. Each branch has more than 5 cranes and 4 forklifts to make the fastest service.
3. We adopt logistic concept to manage ceramic tiles storage. We can search and found the ceramic tile which customer require within 1 minute, fastest in Thailand. Beside, each branch has ceramic tile space stock more than 200,000 sq.m.

4. We always improve our merchandising and space management, which could help to manage product easily. This could reduce product lost and damage to only 0.1 – 0.3%
5. Home delivery service.

Price

The Company's policy have different objective for each product category. For the high turnover product, we set the price to fight the other competitor in order to increase our market share. In addition, we provide product's price by aiming to reach our goal for the low turnover product.

Place

We locate the store based on transportation and distribution factors. Our building follows the concept warehouse store, which comfortable. The store display plenty of product and easy to find under the concept; effective, fast and easy in order to be distribution leader.

Promotion

The Company provides different plans for each product category. We put marketing plan and lower-than-market price. Beside, we put marketing plan and provide affordable for the new product which hard to find anywhere else.

Furthermore, the company emphasis our policies on marketing segmentation in order to increase our market share.

1. Advertising – Its objective is to create awareness and perception in the name “Global House”. The customer should know our concept, place, product, service time and date. We also attempt to improve our perception to be the large Home Center where 'Convenience', 'Fast Service', 'Quality Products', all within the 'Reasonable Price' by using various of media such as local radio, billboard, publication media, point of purchase display and direct mail, etc.
2. Promotion – Its objective is to stimulate customer's purchasing, increase demand and support advertising attempt. For example, discount, special event, complete for prize or reward, free delivery, collect point for redeem, etc.

3. Public Relation – Its objective is to create awareness, creditability and avoidance of clutter, lend generation, image building and reduce advertising cost. Our targets are customers, mass media, financial institution and local business. We use activities such as new branch press conference, interviews and activities.

Target Market

The company divided core target market into 5 groups:

1. End-User.
2. Small construction distributor who purchased our product for selling propose
3. Construction service group who purchased our product in order to use in their small project such as decoration and repair for end-user.
4. Construction service group who construct big project such as property, hotel, resort and apartment.
5. Government and private agencies

Distribution trend currently come from end-user and both small and medium construction service.

Procurement and Management

Procurement

Procurement is managed and operated by our experienced team of buyers located in Roi Et head office. The department always searches for new products by following the concepts below:

1. Offering from Manufacturers
2. Sourcing team study the market and source new products accordingly
3. On basis of Customers' preferences

Sourcing

The company distributes construction materials, decorative items and gardening products. All in the huge store warehouse under the same roof. The products separate into 2 sections:

1. The company purchased products from local manufacturers as the product line. We have many of suppliers for more than 400 suppliers. We have supported each other in advertising, public relation, promotion and grand opening event for the new branches.
2. The company also purchased products from Chinese and Indonesia manufacturers. The import products are granite tiles, glass brick, spa bathtub, shower curtain, plywood, steel door, hardware, knob, lamp, insulation, switch and plug, etc.

The Environment

We try our best to look after the Environment, from the designing of the building to daily operations that stress the importance of power saving policy. We look for new ways to design and build our store to be as energy efficient as possible. Not only that it saves our expenses, it significantly helps the environment and reduces CO2 emission.

Principal Risks and Uncertainties

To support the growth plans and to fully consider both opportunities and risks, we regularly review our business and risk management strategy. Risk is an inherent part of doing business. The system of risk management used to identify the principal risks the company faces, and to develop and closely monitor key controls. The management of the risks is based on a balance of risk and reward determined through careful consideration of both the potential likelihood and impact. The principal risks identified by the Board and the corresponding mitigating controls are set out below in no order of priority.

Finance and Treasury

The main financial risks are the availability of short and long-term funding to meet business needs and fluctuations in interest and foreign currency rates, which are heightened by the turbulence in the financial markets and the downturn in the economic environment.

The treasury function is responsible for managing the Company's liquid resources, funding requirements, and interest rate and currency exposures and the associated risks. The Company has strong policy on controlling and managing credits given to customers using records of customer credit ratings for customers we traded in the past. The company also has good support from suppliers with credits terms.

It's our policy to sell our product mostly in cash and hence most of our revenue is in cash. As in 2008 the proportion of cash sales was 95.23%, in 2009 was 97.71% and in 2010 was 98.07%. The figures is showing a decreasing trend as the Company is paying a lot of attention giving credits and only consider reliable projects and customers. As at December 31, 2010 the Company has account receivable of 9.14 million Baht.

For the receivables that are more than 6 months but not exceeding 12 months, the allowance for doubtful bad debts is set to be 50% and for the receivables that exceeding 12 months, the allowance for doubtful bad debts is normally set to be 100%. In the past, the Company had an average bad debt of about 0.01% of the revenue.

Inventory

As at December 31st, 2008, December 31st, 2009, and December 31st, 2010, the Company had inventory of 1,339.37 million Baht, 1,867.73 million Baht, and 2,680.90 million Baht respectively, or in percentage to total asset of 37.29%, 40.77%, and 45.70%. The figures show an increasing trend over the years. There are risks of goods becoming damaged, lost, and obsolete. As for mitigation, the Company has plans and practices in place to manage such inventory risks such as providing various channels and campaign to reduce slow moving stock. The Company also performs stock check regularly as well as appointing stock management team for each store to manage and oversee stock at the store.

Business Strategy

If the Board adopts the wrong business strategy or does not implement its strategies effectively, the business may be negatively impacted. Strategic risk needs to be properly understood and managed to deliver long-term growth for the benefit of all stakeholders.

A clear strategy is in place with five key areas of focus: great product at fair prices, good inventory management, reaching more customers through additional channels, growing sales space and active property management. The strategies are regularly reviewed by the Board to monitor progress and make any changes if consider appropriate. The Operating Board also holds regular sessions to discuss strategy. A dedicated strategy team supports this activity to ensure that the strategy is communicated and understood.

Natural Disasters

Within the last couple of years, we have witnessed some the worst natural disaster in modern history and these events have tendency to recur more frequently. We are considered fortunate that Thailand does not lie on any critical fault where earthquake could occur. Nevertheless, there are risks that such event from our neighbor such as Myanmar, which is prone to earthquakes, can have effect to some of our business such as in Chiang Mai.

Fraud

The company has a strong control framework in respect of potential fraud or other dishonest behavior, which is regularly reviewed by internal audit. A set of policies is in place to provide colleagues with clear guidance on behavior.

In addition, there are 'whistle blowing' procedures in place to enable colleagues to raise concerns about possible improprieties on a confidential basis. Internal audit undertakes detailed investigations and highlights its findings to the Audit Committee.

Economic and Market Risks

The economic slowdown and reducing job security is resulting in an increasing demand for value from customers. Competitor pricing positions and product costs can affect the performance of the company in terms of both sales and costs. Focus continues on delivering quality products with universal appeal, at a range of price points ensuring value for all our customers. This is achieved through the continuous review of our key customer metrics, active management of price positions, development of sales propositions and increased promotion and marketing activity. While external cost pressures including oil-related costs and foreign currency rate-related costs, the company continues to work hard to mitigate the impact of these cost pressures on customers and on our overall profitability through the delivery of cost savings.

IT Systems and Infrastructure

The Company is reliant on its IT systems and operational infrastructure in order to trade efficiently. A failure in these systems could have a significant impact on our business.

The Company has extensive controls in place to maintain the integrity and efficiency of its systems including detailed recovery plans in the event of a significant failure. New innovations and upgrades to systems are ongoing to improve both the customer experience and operation efficiency.

Regulatory Environment

The company's operations are subject to a broad spectrum of regulatory requirements particularly in relation to planning, competition and environmental issues, employment, pensions and tax laws and regulations over the Group's products and services.

There are a few regulatory acts that both directly and indirectly affect the business operations. The Anti-Dumping and Countervailing Act B.E. 2542 (1999) which limits and increases cost of importing certain goods into the kingdom and the draft Wholesale and Retail Business Act which would affect most modern retail businesses.

The company has governance process in place to monitor regulatory developments and to ensure that all existing regulations are complied with. Regular reviews are completed to ensure compliance.

Assets

Company's Asset for business operation as at 31st December 2010

		(Unit: Thousand Baht)
List of property		Amount
1	Property plant and equipment	3,517,398
2	Computer Program	4,912
Total		3,522,310
<u>deduct</u> Accumulated Depreciation		592,155
Accumulated Amortization		846
Net fixed assets		2,929,309

Note: Asset value from the table above also has provided in section 8-9 and as at 31st December 2010, the company has mortgaged a property and most of building in order to guarantee its credit from financial institutions (Collateralized Debt Obligation). The total credit limit is 4,534,051,000 Baht as follows:

	Thousand Baht
Long-Term Loans	1,915,000
Short-Term Loans	1,910,000
Bank Overdraft	70,000
Letter of Credit and Trust Receipts Public	410,000
Forward Foreign Exchange Contracts	220,000
Guarantees	9,051
Total	4,534,051

Commitments and Contingent Liabilities

As at 31st December 2010, the company has purchased lands and vehicles from many unrelated companies for total amount 236.60 million bahts, the remaining of letter of credit is 1.5 US Dollars (equivalent to about 46.8 million Baht). Furthermore, some local banks authorized letter of guarantee to one state enterprise and one private company, which make a debt for our company total 4.4 million bahts.

Investment As at 31st December 2010




Investment in Subsidiaries and Cooperation









Our policy aims to invest in benefit business or high growth industry and consider on income. The company assigned committees to supervise subsidiaries, while the number of committee is depending on share holding. However, the company hasn't planned to invest in any subsidiaries and cooperation yet.

Intangible Asset

As at 31stDecember 2008, 2009 and 2010, the company has total intangible assets of 6,631,833 million, 3,068,948 million and 4,066,372 million bahts respectively. The company's intangible asset is computer program.

Furthermore, the company has registered 12 own private brands as you can see in the table below:

Name	Logo	Products
1 Global House		Shower cable
2 Crown		Sink
3 Daye		Spinker head water hose Mower
4 Great Wood		Cue, Skirt

Name	Logo	Products
5 Hammer		Toolboxes Paint bluser Saw
6 Miko Floor		Laminate wood floors
7 Modiwa		Laminate wood floors
8 ouLu		Sanitary ware
9 Tapio		Laminate wood floors
10 TUF		Hardware Tools
11 V.E.G		Lights
12 JANES		Doors & widows handles

We are providing more alternatives for customer. Global house has registered 12 own private brands of good quality product and reasonable price. With the efforts of our Procurement team, we could provide longer guarantee service and low cost products that could make the company become the leading player in the industry.

Capital Structure

Security

As at December 31st, 2010, the Company has the authorized capital of 960,000,000 Baht. The common stock of 960,000,000 shares, of which 700,000,000 Baht are paid-up capital, of which 260,000,000 shares are the issued common shares values at 1 Baht per share.

The top shareholders holding the shares on the closing date as of March 24th, 2011

Suriyawanakul Family

Rank	Name			Shares	%
1	Mr	Witoon	Suriyawanakul	287,156,510	29.91%
2	Mr	Anawat	Suriyawanakul	229,590,000	23.92%
3	Mrs	Warunee	Suriyawanakul	91,313,980	9.51%
4	Ms	Kunnatee	Suriyawanakul	6,000,000	0.63%
5	Mr	Kriangkai	Suriyawanakul	6,000,000	0.63%
6	Mr	Yuttana	Suriyawanakul	300,000	0.03%
7	Mr	Pongkorn	Suriyawanakul	160,000	0.02%
8	Mr	Apilas	Suriyawanakul	100,000	0.01%
9	Mr	Adisak	Suriyawanakul	60,000	0.01%
10	Mr	Wittaya	Suriyawanakul	40,000	0.00%
11	Mr	Pichit	Suriyawanakul	10,000	0.00%
12	Ms	Nipaporn	Suriyawanakul	1,000	0.00%
13	Ms	Pathumwan	Suriyawanakul	10	0.00%
Total				620,731,500	64.66%

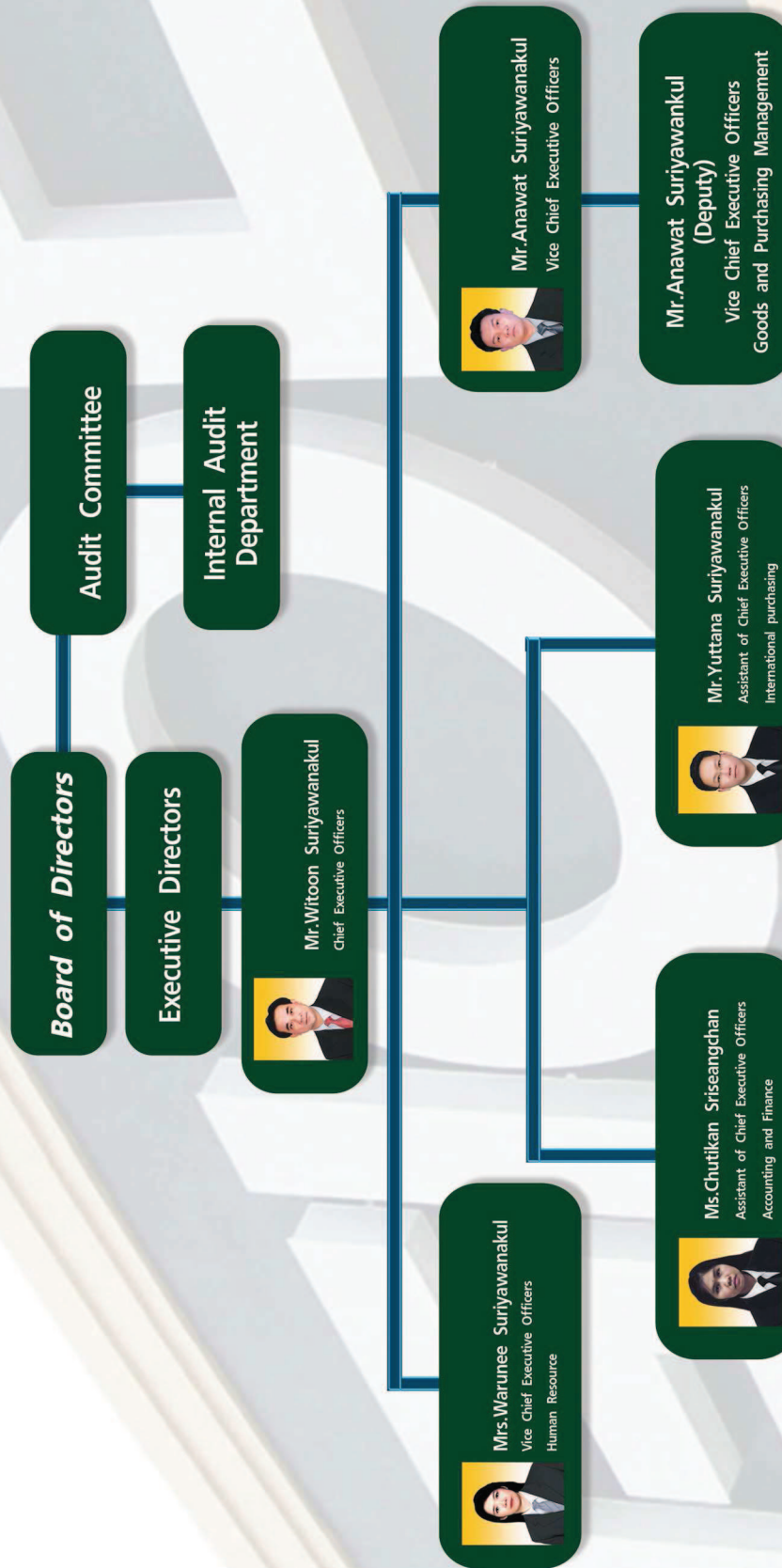
Top Ten Shareholders other than Suriyawanakul

Rank	Name	Shares	%
1	Phatra Capital Public Company Limited	32,612,300	3.40%
2	Mr Jearanai Lerdrachkul	22,100,000	2.30%
3	Mrs Pitchaya Boonprasom Poonlarp	21,760,000	2.27%
4	Mr Boonyong Thanyawut	14,254,000	1.48%
5	Mr Pittaya Mahitthiwanitcha	12,340,000	1.29%
6	GOLDMAN SACHS INTERNATIONAL	7,866,400	0.82%
7	Mrs SutthathipTachakunnawut	6,924,700	0.72%
8	Mr Wirunsak Poonlarp	6,900,000	0.72%
9	Mr Vorapol Socthiyanuruk	6,836,000	0.71%
10	Mrs Paweena Kositjiranan	5,495,800	0.57%
Total		137,089,200	14.28%
Others		202,179,300	21.06%

Dividend Policy

The Company has the policy to pay dividend to shareholders not less than 30% of the net profit of each year. However, the consideration for dividend payment will take other factors into account such as result of operation and financial status of the Company, Liquidity, Expansion of Business and other factors relating to the management of the Company. Each dividend payment is required to obtain approval from shareholders and Board of Directors.

Management Organization Chart



Organization Chart

As at 31th December 2010

The Board of Directors as at December 31, 2010

Name of Directors		Position
1. Mr Apisit	Rujikeatkamjorn	Chairman/Independent Director
2. Mr Witoon	Suriyawanakul	Director
3. Mr Anawat	Suriyawanakul	Director
4. Mrs Warunee	Suriyawanakul	Director
5. Assoc.Prof.Dr.Pongsak	Suriyawanakul	Director
6. Mr Yuttana	Suriyawanakul	Director
7. Ms Chutikan	Sriseangchan	Director
8. Assoc.Prof.Dr.Montree	Socatiyanurak	Chairman of the Audit Committee/Independent Director
9. Assoc.Prof.Dr. Phonesiri	Thivavarnvongs	Audit Committee/Independent Director
10.Mr Surasak	Chuntori	Audit Committee/Independent Director

Note: Board of Audit who has accounting and financial knowledge is

Assoc.Prof.Dr.MontreeSocatiyanurak and Assoc.Prof.Dr. PhonesiriThivavarnvongs

Authorized Signatory Directors of the Company

1. Mr. Witoon Suriyawanakul
2. Two of three of the following authorized signatory Directors are to co-sign with the company stamp: MrAnawat Suriyawanakul or MrsWarunee Suriyawanakul or MsChutikanSriseangchan.

Functions and Responsibilities of the Board of Directors

1. To carry out activities prudently and in compliance with related governing laws, the objectives of the Company, and the corporate governance policies.
2. To protect the Company's interests and for the benefit of shareholders.To disclose accurate information related to the business to the public.
3. To consider policy, vision, work plans and key strategies, as well as ethical standards for business operations, and to supervise and monitor

Management, to ensure that they perform duties efficiently and are in compliance with the Company's policies.

4. Consider and approve the structure of Authorization.
5. To monitor the operational results of the Company and any other key progress criteria, to monitor the implementation of internal control and audit systems; to comply with all regulations and related governing laws; and to ensure appropriate risk management.
6. To consider the corporate's investment to expand business and to consider joint-venture investment with business partners and other related parties.
7. To ensure that financial reports are complete, accurate, reliable and timely, and are prepared in compliance with generally accepted accounting principles.
8. To carefully select and assign managing directors and determine their functions and responsibilities.

However, the Director is unable to vote if himself or person have or may have conflict of interest in any other ways with the Company or its subsidiary.

The following instances requires to pass resolution in the Board's Meeting and the Shareholders meeting with votes exceeding three-in-four (3/4) of all shareholders with rights to votes who attend the meeting.

- Selling or transferring all or significant amount of shares
- Buying or receiving shares from other companies in the name of the Company
- Signing, changing, or canceling of lease of company in significant amount.
- Altering or changing of memorandum or regulations
- Fundraising, Fund reducing, issuing corporate bond, merging or closing.

Definition and Quality of Independent Directors

Under the criteria of the Office of Securities and Exchange Commission and the Stock Exchange of Thailand, Independent Directors:

1. Are restricted in the number of shares they may hold to not greater than 1% of the voting shares in the Company, its affiliates, its associated companies, or its juristic persons that may impose conflicts of interest (implicitly including related persons as stated in Section 258 of the SEC's Act B.E. 2535.)
2. Have no management participation in the Company, its affiliates, or its associated companies; and are not employees or regularly paid consultants, or persons who have control over the Company, its affiliates, or its associated companies or its juristic persons that may impose conflicts of interest.
3. Have no business relationship with the Company, its affiliates, or its associated companies; and do not have any loss or gain, directly or indirectly, in the finance or management of the Company, its affiliates, or its associated companies; or its juristic persons that may impose conflicts of interest, for at least 2 years before accepting the duty of Independent Director.
4. Have no close relatives, or persons related in a way that may lead to a lack of independence from the management or major shareholders of the Company, its affiliates, or its associated companies, or its juristic persons that may impose conflicts of interest.
5. Must not be appointed to protect the interest of any director or major shareholders.
6. Must not be any directors of company's affiliates or its associated companies.
7. Capable, talented and knowledgeable, with backgrounds and experience deemed beneficial to the Company and report result of duty performing as assigned by the Board of Directors, not under the control of the Executive or major shareholders of the Company, including related person or close relatives of such person.

8. Search and Selection of Audit Committee.

The Board of Directors search and select names of Independent Director with requisite qualifications in compliance with the rules of the Securities Exchange Commission and Stock Exchange of Thailand, the relevant laws, rules or other regulations, and propose to the Board's Meeting and/or Shareholders meeting for resolution.

Audit Committee as at December 31, 2010

Name of Directors		Position
1. Assoc.Prof.Dr.Montree	Socatiyanurak	Chairman of the Audit Committee
2. Assoc.Prof.Dr. Phonesiri	Thivavarnvongs	Audit Committee
3.Mr Surasak	Chuntori	Audit Committee

Mrs Kanyarat Pongsomboon as secretary of Audit Committee

Functions and Responsibilities of the Audit Committee

1. To control and monitor the Company's financial reports to ensure that they are complete, adequate and reliable.
2. To monitor the auditing process and internal control systems of the Company to ensure that they are appropriate and efficient.
3. To supervise and ensure that the Company acts in compliance with the regulations imposed by the SET and the SEC and related governing laws.
4. To select and propose the appointment of the statutory auditor of the Company.
5. To consider the disclosure of information regarding connected transactions or transactions that might have conflicts of interest, to ensure it is accurate and complete.
6. To prepare the Audit Committee Report as disclosed in the Company's Annual Report to be in compliance with the provisions imposed by the SET and the SEC.
7. To perform any other tasks that may be delegated by the Board of Directors.

Nomination and Remuneration Committee as at December 31st, 2010

Name of Directors		Position
1. Mr Witoon	Suriyawanakul	Chairman of Nomination and Remuneration Committee
2. Assoc.Prof.Dr.Montree	Socatiyanurak	Nomination and Remuneration Committee
3. Assoc.Prof.Dr. Phonesiri	Thivavarnvongs	Nomination and Remuneration Committee
4.Mr Surasak	Chuntori	Nomination and Remuneration Committee

Roles and Responsibilities of The Nomination and Remuneration Committee

1. Selection of Directors

The Company appointed the Nomination and Remuneration Committee to determine selection of appropriate person to be nominated as the Director or Managing Director, by considering persons who have knowledge, capability and experience as required by the Company.

Criteria for selection of the Directors are as follows:

1. The Nomination and Remuneration Committee nominate and select appropriate persons and consider appropriate remuneration. The Board of Directors consists of at least 5 directors (More than half of the number must be residence of Thailand and must have all the criteria and requirement of the laws and regulations. The Directors can be major shareholders.)
2. Propose the nomination to the shareholders meeting in compliance to regulations and corporate's procedures as follows:

- 2.1 Each shareholder has the vote equivalent to one vote per one share held.
- 2.2 Each shareholder shall use all his/her voting rights under (2.1) to elect one person or more as the Director, but is not capable to share his/her varied voting rights to any person.
- 2.3 The person who receives the highest votes in a descending order would be elected as directors accordingly to the number of Directors allowed in such meeting. In the event of any persons who have been elected in the lower order received equal votes but there will be over the number of allowance, the Chairman of such meeting shall have a casting vote.
3. In the shareholder annual meeting, one third of directors must be retired. In case one third of the number is impossible, use the nearest to one third of number of directors. The retired directors may be reelected. The longest directors in the Board will automatically be tired but may also be reelected.
4. In the case where a director demands to resign, that person need to submit resignation letter to the company and will be considered effective once reached.
5. In the event that Directorial positions become vacant due to other reasons apart from the completion of term, the Nomination and Remuneration Committee nominate and select the new Director in accordance with the criteria of selection. The persons must have knowledge, capability and experience as required by the Company, and must not have the prohibited qualification under the rules of the Securities Exchange Commission and Stock Exchange of Thailand, the relevant laws, rules or other regulations. Upon approval, the Nomination and Remuneration Committee will propose to the Shareholders Meeting in order to be adopted for the appointing as the Directors of the Company. In case the remaining term of the director is less than 2 months, the new appointed director will have the same remaining term as director replaced. Resolutions of the Board of Directors as per above must be accompanied by a vote of not less than three in four of the remaining number of Directors.

6. Nominate names of directors to the Board and elect a Chairman in the meeting and select one or more Vice Chairman as appropriate. Vice Chairman receive duties from the Chairman.

2. Determination of Remunerations

The remuneration for Directors, Committees, Sub-Committee, Managing Directors, and employees are proposed from consideration at the Board's meeting and/or Shareholders meeting. The roles and responsibilities are as follows:

1. Propose methods and/or principles of determining remuneration to the Shareholders meeting for resolution. Remunerations are considered according to the resolution unless any changes are made in at the Shareholders meeting. The Company also makes some allowance and welfare for Directors in accordance to Company's regulations.
2. Propose methods and/or principles of determining remuneration and welfare for Sub-Committee appointed by the Board taking into consideration of their roles and responsibilities.
3. Propose methods and/or principles of determining remuneration and welfare for the Chairman of Executive Directors and Executive Directors taking into consideration of their roles and responsibilities.
4. Propose methods and/or principles of determining remuneration and welfare for the employees taking into consideration of their roles and responsibilities.
5. Consider and finalize the budget for adjusted salaries and other monetary incentives
6. In the consideration of determining the remuneration and welfare, The Nomination and Remuneration Committee are delegated to call meetings and related documentations from related bodies within the organization for consideration.
7. Any expenses in determining the remuneration and welfare, including the consultancy fees and/or other administrative expense, will be the obligation of the Company.

8. Perform and tasks and assignments assigned by the Board of Directors.

However, the Nomination and Remuneration Committee is unable to approve transaction that himself or person have or may have conflict of interest in any other ways with the Company or its subsidiary.

Ethics Committee as at December 31st, 2010

Name		Position
1. Mr Surasak	Chuntori	Chairman of Ethic Committee
2. Mr Witoon	Suriyawanakul	Chairman of Ethic Committee
3. Mr Anawat	Suriyawanakul	Chairman of Ethic Committee
4. Ms Chutikan	Sriseangchan	Chairman of Ethic Committee

Roles and Responsibilities of Ethics Committee

1. View and control the Board of Directors and Managing Directors of the company operate business in accordance with the Code of Business Ethics and the Corporate's Code of Conduct.
2. To ensure the transparency of the business operations in every level of operations and management.
3. Have the authority to audit and take any necessary actions to ensure the business operates appropriately accordingly to the Code of Conduct.
4. Have the authority to investigate any corporate's associates, including other personnel related to ensure the transparency of the business operation.

However, the Ethics Committee is unable to approve transaction that himself or person who may have conflict of interest in any other ways with the Company or its subsidiary.

Risk Management Committee as at December 31st, 2010

Name		Position
1. Assoc.Prof.Dr.Montree	Socatiyanurak	Chairman of Risk Management Committee
2. Assoc.Prof.Dr. Phonesiri	Thivavarnvongs	Chairman of Risk Management Committee
3. Ms Chutikan	Sriseangchan	Chairman of Risk Management Committee
4. Mr Yuttana	Suriyawanakul	Chairman of Risk Management Committee

Roles and Responsibility of Risk Management Committee

1. To determine and principles and framework for proper risk management to the Board of Directors.
2. To consider and analyze all risks and problems that may arise
3. To consider and approve risk management plans
4. To report to the Board of Director about the risks and plans in place that may affect the corporate's objectives and operation
5. To monitor the risk in each function of operation
6. To monitor risk of false reports including internal and external reports and documentation
7. To monitor that the business operates and govern in compliance with governing laws and regulations.

However, the Risk Management Committee is unable to approve transaction that himself or person who may have conflict of interest in any other ways with the Company or its subsidiary.

Executive Directors as at December 31st, 2010

Name		Position
1. Mr Witoon	Suriyawanakul	Chairman of Executive Committee
2. Mr Anawat	Suriyawanakul	Executive Directors
3. Mrs Warunee	Suriyawanakul	Executive Directors
4. Mr Yuttana	Suriyawanakul	Executive Directors
5. Ms Chutikan	Sriseangchan	Executive Directors

Roles and responsibilities of Executive Directors

1. Plan and manage company's operation according to the frameworks and policies assigned by the Board of Directors.
2. Lay out strategies and directions for the company under the framework and boundary of goals and objective of the business and/or policy of business.
3. Propose appropriate investment and/or fundraising plans to the Board of Directors and/r the Shareholder's meetings.
4. Consider and approve business consultants necessary to business operations.
5. Have authority in any resource allocation, procurement, leasing, renting, and utilization as approved by the Board of Directors.
6. Have the authority to approve asset purchases and procurement, expense on operation, expense of selling and administrative and capital expenditure according to the contracts. Detail of authorities is in accordance to the structure of Authorization.
7. Approval of expense on operation, expense of selling and administrative and capital expenditure according to the budget approved by the Board of Directors. Detail of authorities is in accordance to the structure of Authorization.
8. Approval of loans from banks, corporations, and/or other institutions according to the budget approved by the Board of Directors. Detail of authorities is in accordance to the structure of Authorization.

However, the Executive Director is unable to approve transaction that himself or person who may have conflict of interest in any other ways with the Company or its subsidiary.

Managing Directors as at December 31, 2010

Name		Position
1. Mr Witoon	Suriyawanakul	Chief Executive Officer
2. Mr Anawat	Suriyawanakul	Vice Chief Executive Officer Assistant of Chief Executive Officer – Goods and Purchase Management
3. Mrs Warunee	Suriyawanakul	Vice Chief Executive Officer – Human Resource
4. Mr Yuttana	Suriyawanakul	Assistant of Chief Executive Officer – Information Technology
5. Ms Chutikan	Sriseangchan	Assistant of Chief Executive Officer – Accounting and Financial

Authority of Chief Executive Officer

The Managing Director has authority to manage the Company as assigned by the Board of Directors and shall strictly and carefully manages the Company according to the framework and corporate's governing policy, and maintain the best interest of the Company and shareholders. Roles and responsibilities are detailed as follows:

1. Manage, monitor, and control normal operations of the company
2. Manage the company as assigned by the Board of Directors
3. Manage and oversee the overall operation of the company according to the policy stipulated by the Board of Directors
4. Approval of expense on operation, expense of selling and administrative and capital expenditure according to the plans and budget stipulated by the Board of Directors. Detail of authorities is in accordance to the structure of Authorization.
5. Have the authority to approve asset purchases and procurement, expense on operation, expense of selling and administrative and capital expenditure according to the contracts. Detail of authorities is in accordance to the structure of Authorization.

6. Consider, plan, and prioritize business strategies and fundraising for the company to propose for approval to the Board of Directors.
7. Have the authority to employ, dismiss, and lay off any employee at any level.
8. Have the authority to open and close any of company's saving account at any institutions to facilitate the operation of the company.
9. Propose for approval any appropriate consultants necessary for the company to the Board of Directors.

However, the Managing Director is unable to approve transaction that himself or person who may have conflict of interest in any other ways with the Company or its subsidiary.

Any other roles other than stated above are out of Authorization, except for being entrusted at the Board of Directors' meeting in a case-by-case manner.

Remarks: Structure of Authorization is detailed as follows:

Position	Movables		Real Estate		Purchase for Tools Operation per Month
	Per Purchase	Per Sale	Per Purchase	Per Sale	
Board of Executive Directors	50,000,000	50,000,000	300,000,000	100,000,000	According to Normal Business Operation
Chief Executive Officer	10,000,000	10,000,000	10,000,000	10,000,000	According to Normal Business Operation
Vice Chief Executive Committee	500,000	500,000	500,000	500,000	According to Normal Business Operation

Note: As the quantity of procured goods for sell and for internal use vary with the demand of customers and the need for internal use, together with cost of goods, may results in an exceptional high quantity of order. As a consequence, it is not feasible to specify the exact financial amount. However, the principles and framework of practice of the company are followed.

Selection of Directors and Managing Directors

The Company appointed the Nomination and Remuneration Committee to determine selection of appropriate person to be nominated as the Director or Managing Director at the Board of Directors meeting 1/2009 at March 12, 2009 and the current Directors and Managing Directors was appointed in the Board of Directors meeting 1/2009 at March 12, 2009.

Criteria for Selection of the Directors are as follows:

1. The Board of Directors consists of at least 5 Directors, not exceeding 15 Directors are appointed in the Shareholders' Meeting, (More than half of the number must be residence of Thailand and must have all the criteria and requirement of the laws and regulations).
2. The appointment of Directors at the shareholders' meeting in compliance to regulations and corporate's procedures as follows:
 - 2.1 Each shareholder has the vote equivalent to one vote per one share held.
 - 2.2 Each shareholder shall use all his/her voting rights under (2.1) to elect one person or more as the Director, but is not capable to share his/her varied voting rights to any person.
 - 2.3 The person who receives the highest votes in a descending order would be elected as directors accordingly to the number of Directors allowed in such meeting. In the event of any person who have been elected in the lower order received equal votes but there will be over the number of allowance, the Chairman of such meeting shall have a casting vote.
3. In the shareholder annual meeting, one third of directors must be retired. In case one third (1/3) of the number is impossible, use the nearest to one third of number of directors. The retired directors may be reelected. The longest directors in the Board will automatically be tired but may also be reelected.
4. In the case where a director demands to resign, that person need to submit resignation letter to the company and will be considered effective once reached.

5. In the event where a director is voted to dismiss prior to the completion term, the votes must be more than three in four (3/4) of the shareholders attending the meeting with the right to vote.

Criteria and Selection of Audit Committees

Audit Committees must be the Director of the Company appointed by the Board of Directors and must have the requisite qualifications in compliance with the rules of the Securities Exchange Commission and Stock Exchange of Thailand, the relevant laws, rules or other regulations. It must also consist of at least 3 persons with at least 1 person with knowledge, capability and experience in Accounting and Finance.

Criteria and Selection of Nomination and Remuneration Committee

Nomination and Remuneration Committee must be the Directors of the Company appointed by the Board of Directors and must have the requisite qualifications in compliance with the rules of the Securities Exchange Commission and Stock Exchange of Thailand, the relevant laws, rules or other regulations. It must also consist of at least 3 persons with at least 1 Independent Director.

Criteria and Selection of Ethics Committee

Ethics Committee must be the Directors of the Company appointed by the Board of Directors and must have the requisite qualifications in compliance with the rules of the Securities Exchange Commission and Stock Exchange of Thailand, the relevant laws, rules or other regulations. It must also consist of at least 3 persons with at least 1 Independent Director.

Criteria and Selection of Risk Management Committee

Risk Management Committee must be the Directors of the Company appointed by the Board of Directors and must have the requisite qualifications in compliance with the rules of the Securities Exchange Commission and Stock Exchange of Thailand, the relevant laws, rules or other regulations. It must also consist of at least 3 persons with at least 1 Independent Director.

Criteria and Selection of Executive Directors

Executive Directors must be the Directors of the Company appointed by the Board of Directors. The Board of Directors considers the number of the Executive Directors and the Board of Director will appoint one Chairman of Executive Director.

Remuneration for Directors and the Executives

Remuneration in monetary terms

Remuneration for Directors

Remuneration for Meeting In the annual Shareholders' Meeting on April 23, 2010, the meet has passed the resolution on the remuneration for Directors and the Audit Committees with the amount of not exceeding Baht 6,000,000. Details of remuneration payment are as follows:

No.	Name of Directors		Remuneration per meeting
1	Mr.Apisit	Rujikeatkamjorn	25,000
2	Mr.Witoon	Suriyawanakul	20,000
3	Mr.Anawat	Suriyawanakul	20,000
4	Mrs.Warunee	Suriyawanakul	20,000
5	Assoc.Prof.Dr.Pongsak	Suriyawanakul	20,000
6	Mr.Yuttana	Suriyawanakul	20,000
7	Ms.Chutikan	Sriseangchan	20,000
9	Assoc.Prof.Dr.Montree	Socatiyanurak	20,000
10	Prof.Dr.Pholesiri	Thivavarnvongs	20,000
11	Mr.Surasak	Chuntori	20,000

***Note:** In the event of meeting of other directors, the Chairman of that meeting will receive remuneration of Baht 25,000 each meeting and the Directors will receive remuneration of Baht 20,000 per person per meeting.

Remuneration for Directors (continues)

Remuneration of Directors	In 2009		In 2010	
	Number of Director	Amount (Baht)	Number of Director	Amount (Baht)
Attendance of Payment for directors	11	1,265,000	10	1,395,000
Remuneration	4	195,000	5	1,100,000

Note:

* The company has never paid remuneration for meeting to the Board of Director until 2008 when the resolution in the Annual Shareholders Meeting 2/2008 on February 26, 2008. The first Board of Directors meeting was first held on March 12, 2008.

* On January 23, 2009, Mrs NitayaRattanapiboondej resigned from the Board of Director in Q1 2009, resulted a reduction of number of Director by 1 compared to 2008.

Remuneration for Executive Director

Remuneration of Executives	In 2009		In 2010	
	Number of Executives	Amount (Baht)	Number of Executives	Amount (Baht)
Salary	7	12,030,000	5	11,620,800
Bonus	5	2,087,500		
Provident Fund	7	360,900	5	338,619
Total	7	14,478,400	5	11,959,419

Note: On January 23, 2009, Mrs.NitayaRattanapiboondej resigned from the Board of Director in Q1 2009, resulted a reduction of number of Director by 1 compared to 2008.

Remuneration in non-monetary term

- None -

Corporate Governance

The company strictly performs business under the rules and regulations of the Stock Exchange of Thailand and can be categorized into 5 groups:

1. Rights of Shareholders

The Board of Directors of the Company gives the importance to the right of shareholders by not performing any act that violates or lessens the rights, and to facilitate the exercise of rights on various matters. Shareholders will be protected under the basic rights as follows:

1. Shareholders will be provided with information relating the annual Shareholders Meeting such as date, time, place, and the agenda in advance prior to the Meeting. Meeting calling notices including related information and meeting's agenda will be sent to Shareholders at least 7 days prior to the Meeting according to the company's rules or 14 days prior depending on the agenda and/or as stipulated by the laws.
2. The Company will provide guidelines regarding the meeting. The information will be posted on the Company's Website for Shareholders' decision-making.
3. The company facilitates Shareholders in attendance of the Meeting and in using the right to vote. The company will ensure every Shareholder has equal opportunity to attend the Meeting.
4. In the general meeting of shareholders, the company will treat every Shareholder fairly and give opportunity for Shareholders to comment and ask questions.
5. After the general meeting of Shareholders, the company will consistently keep the Shareholders informed on the information related to the Company through the Company's Website or the Stock Exchange of Thailand's Website.

2. Equitable Treatment of Shareholders

The Company values the equality of right of its shareholders. All Shareholders, executive shareholders and non-executive shareholders will be treated equally and fairly.

The Company gives an opportunity to the shareholders to propose agenda and propose the name list to be appointed as directors in the shareholders meeting in advance. And for those shareholders who are unable to attend the meeting, to maintain the rights, they are able to appoint proxies, or to delegate their votes to any independent director in attendance.

The Company has policy to prevent the use of inside information may be exploited for personal benefits and has disclosed to staff, executives, and associates of the Company. The company appointed the Board of Directors to control and decide on disciplinary actions and measures against any exploitation of inside information. In case any of company's Directors exploit this information for personal purposes, the Chairman of Executive Director will be appointed to decide on disciplinary action and measure should be taken according to the resolution at the Board of Directors meeting.

Directors and Executive Directors disclosed information that may conflict interests of their own and others for the Board to examine any business transactions that may have conflicts of interest and to make decision of what is best for the Company.

To protect the potential conflict of interest, the Board of Director has devised Good Corporate Governance and Code of Conduct for Directors, Management and employees must strictly comply with the following:

1. Report of conflict of interest will pass upon the consensus of the Board of Director. The Audit committees have to perform its duties and responsibilities to review the Connected Transactions. The approval of the connected Transactions has to set to maximize the benefit of the Company. It has to ensure the fairness and reasonableness of the transactions and determine the price according to the market price.

Anyone who benefits or conflict with the Connected Transactions will not in included in the resolution of such transactions for fairness and the maximum benefits of the Company. If the Connected Transaction is within the confinement of rules, notice, orders, or regulation of the Stock Exchange of Thailand, the Company will follow such rules.

2. Protection of private use of internal information – the Company has policy to prevent the Directors and associates from using the inside information for private use. Once the resolution is passed by the meeting and approved by the Audit Committee and notice the Stock Exchange of Thailand in the following day, hence no Directors and/or Executive Director will be able to take advantage of the inside information for private use.

3. Roles of Stakeholders

Stakeholders will receive fair and equal treatment in accordance to the related laws from the Company. The Company will not violate the rights, by laws or by agreement between both parties, of any stakeholder. The Board of Director review of possible activities that promote cooperation between the Company and stakeholders to ensure prosperity of both parties as follows:

- The Company will treat all its employees equally and ensure that they receive fair and appropriate compensation based on their duties and responsibilities.
- The Company will treat its business partners according to the laws and agreement.
- Follow the terms and condition of the borrow and load agreements
- The Company values its customers with respect and care to ensure they will receive products and services at good standard.
- Follow the rules and regulations of competition without any dishonest and illegal acts to eliminate its competitors
- The company has policy to support the social activities and environment
- The Board of Directors has device a mechanism to support cooperation of all stakeholders which aims to benefits the business and other related parties and disclose important information related to all stakeholders.

4. Disclosure and Transparency

The Board of Directors has given the importance to the disclosure of information which are accurate, complete, transparent, in timely manner, and equitably distributed to the investor and stakeholders to acknowledge, of both financial reports and material information that affect the value of the Company's Securities which will be disclosed through the publication of the Stock Exchange of Thailand and website of the Company.

There is also a channel to report any clues and acts against above and the Code of Ethics, which would be reported to the Board of Directors as follows:

1. Disclosure of Information, annual report, and updates will be distributed through the channel of the Stock Exchange of Thailand and through the website of the Company.
2. Board of Directors report the resolutions, policies, and performance of the company in the annual report and the website of the company.
3. The duties and responsibilities of the Board of Directors, information of Board's meeting and attendance would be disclosed.
4. The Board of Directors will disclose the policy and information on the remuneration for the Directors and Executive Directors according to their duties and responsibility.

5. Responsibility of Board of Directors

The Board plays a key role in supervising corporate governance to create maximum benefits for the Company. Each director represents all shareholders, and takes part in promoting good corporate governance within the Company, and in maintaining the rights of, and creating benefits for, all shareholders and other stakeholders. Details as follows:

1. Determine and define the vision, mission, strategies, objectives, business plans, and budget of the Company.
2. Control and regulate each management function closely and accordingly to the objective of the Company.

3. Device an internal audit mechanism and monitor closely with M.R. & Associates Company Limited, which is its Accounting Auditor, to evaluate the internal audit of the Company in the annual Account audit and found no weakness or flaw in the above system.
4. Closely monitor risks and risk management system for the maximum benefit of the Company.
5. The Company encourages all Directors to participate in training courses organized by the Thai Institute of Directors Association (IOD) so as to add to their knowledge concerning their roles in the Company, and apply such learning to their job performance.

Structure of the Board

1. The Company's Board of Directors consists of 11 directors, of whom 4 were independent directors, this exceeds one-third of the Board, of whom 3 were audit committees appointed by the board on February 26, 2008 with 3 years term and conduct meeting at least once every quarter.
2. The completion term of the Board is 3 year
3. The qualification and experience of the Independent Directors carefully considered by the Board.
4. The Company determines and defines the duties and responsibilities of the Board's Chairman and the Chairman of the Executive Director to mitigate the absolute power of any individual.
5. The Board elected an Independent Director and the Chairman of the Board of Director. As an independent director, is not a member or chairman of any sub-committee, and is thus able to express his views on the business operations independently. This ensures a balance of power.
6. The Company's secretary has duties and responsibilities to give legal advices required to operate the Company to the Board and coordinate activities according to the resolution granted by the Board.

Sub-Committee:

The Board of Directors has appointed directors who have knowledge and skills suitable to be members of Sub-Committees to assist in important matters. The Sub-Committees consist of the Audit Committee and the Nomination and Remuneration Committee, the Risk Management Committee, and the Ethics Committee. The Sub-Committee consists of both Management and Non-Management Directors to secure balance of power to ensure reliability and integrity. Roles and responsibilities are as detailed previously.

Roles, Duties and Responsibilities of the Board

1. Determine and define the vision, mission, strategies, objectives, business plans, and budget of the Company. Manage risks and command related function accordingly to the policy to ensure maximum business efficiency.
2. Perform duties in accordance to Company's policies and plans in writing and reevaluate the policies and plans at least once every year.
3. Ethics book and Code of Conduct in writing is disclosed and distributed to all Directors and employees to ensure reliability and integrity.
4. The Board examines the conflict of interest thoroughly and devices a policy to control such conflicts and look after benefits for the Company. It is the duties of everyone in the Company to avoid any involvement, financially and personally, which may result in conflict of interest with the Company. Anyone with conflict of interest will not be part of any related resolutions.
5. The Board appoints an independent individual or institute to control operation and financial reporting in accordance with the regulation and policies. The evaluation plan has to be reevaluated at least once every year.

Meeting of the Board

The Company holds the Board's meeting at least once every 3 months and addition meeting as required. The meeting's agenda is specified in advance and results are followed up regularly. Meeting calling notices including related information and meeting's agenda will be sent to the Board at least 7 days prior to the Meeting to allow sufficient time for the Board to prepare before the meeting. And in every meeting, Directors are able to comment independently and all comments are recorded in writing to ensure transparency and auditability.

Statistics of the meetings with number of Meeting attendance

Director's names		Attend / Total Meeting (times)		
		In 2008 (Public)	In 2009 (Public)	In 2010 (Public)
1. Mr Apisit	Rujikeatkamjorn	5/5 times	5/5 times	4/5 times
2. Mr Witoon	Suriyawanakul	5/5 times	5/5 times	5/5 times
3. Mr Anawat	Suriyawanakul	5/5 times	4/5 times	5/5 times
4. Mrs Warunee	Suriyawanakul	4/5 times	5/5 times	5/5 times
5. Mr Tepakul	Poonlarp	5/5 times	5/5 times	0/2 times
6. Mr Yuttana	Suriyawanakul	5/5 times	5/5 times	5/5 times
7. Ms Chutikan	Sriseangchan	5/5 times	5/5 times	5/5 times
8. Mrs Nittaya	Rattanaphibundej	5/5 times	-	-
9. Assoc.Prof.Dr.Montree	Socatiyanurak	5/5 times	5/5 times	4/5 times
10. Prof.Dr.Pholesiri	Thivavarnvongs	5/5 times	5/5 times	4/5 times
11. Mr Surasak	Chuntori	5/5 times	5/5 times	5/5 times
12.Assoc.Prof.Dr.Pongsak	Suriyawanakul	-	-	3/3 times

Note:

* Mr ApisitRujikeatkamjorn was appointed the Chairman and Independent Director and Assoc.Prof.Dr.MontreeSocatiyanurak, Assoc.Prof.PholesiriThivavarnvongs, Mr SurasakChuntori as Audit committee and Independent Directors at Shareholders Meeting 2/2008, 26th February 2008.

* On 23rd January 2009, Mrs NittiyaRattanaphibundej resigned from the Board of Director.

* Assoc.Prof.Dr.Pongsak Suriyawanakul was appointed as Director of the Company at the Annual Shareholders meeting 2010 on 23rd March 2010 replacing Mr TepakulPoonlarp who completed the term.

Board of Director's Self-Assessment

The Board conducts Self-Assessment, which consists of 3 types of assessment; Self-assessment of the entire Board, Self-assessment of each Director individually, and assessment of one another between in Board of Directors. The self-assessment assists and improves the Board to reevaluate the performance, problems, and obstacles arose in the past.

Remuneration for Directors and Executives

The Company appointed the Nomination and Remuneration Committee to determine the remuneration for Director and Executives according to the resolution in the General Shareholders Meeting. The details of the remuneration are in section "Management" under topic "Remuneration of Directors and Executives" above.

Training of Directors and the Executive

1. The Company supports and facilitates participation of training courses for related personnel such as Directors, Audit Committee, Managing Directors to develop their ability and capability required to operate the business.
2. If there is a change in the Director's position, related documentation, information necessary for duties and responsibilities will be provided so that they understand their roles and responsibilities including the nature of the work.
3. The Board assigns the Chairman of the Executive Directors to acknowledge about the development plans and prepare a succession plan in case incapable of performing duties
4. The Board form Director development project and the Chairman of Executive Director report back the progress every year and assess in conjunction with the succession plan.

Internal Information Monitoring

The Directors of the Company has to perform duties according to the company's objectives and resolutions in the Shareholders meetings in compliance with the laws and regulations. The information related to the operation has to report to the Chairman of Executive Directors, however, the information related to the investor has to go through to the Board's meeting. The Company has policy to prevent the use of inside information may be exploited for personal benefits and has disclosed to staff, executives, and associates of the Company. The company appointed the Board of Directors to control and decide on disciplinary actions and measures against any exploitation of inside information. In case any of company's Directors exploit this information for personal purposes, the Chairman of Executive Director will be appointed to decide on disciplinary action and measure should be taken according to the resolution at the Board of Directors meeting.

Human Resource

1. Remuneration in monetary terms

Remuneration	2008		2009		2010	
	Number of Staffs	Amount (Thousand baht)	Number of Staffs	Amount (Thousand baht)	Number of Staffs	Amount (Thousand baht)
Salary	1,213	100,544	1,322	112,841	1,802	151,857
Bonus	-	-	736	9,187		13,379
Provident Fund	882	1,182	1,110	2,915	1,353	3,519
Total	1,213	101,726	1,322	124,943	1,802	168,755

2. Change in number of employee with significance.

By the end of 2009, the number of employees of the Company has increased from the previous year by 480 employees. This is due to the opening of three new branches in Kalasin, Nakhon Sawan, and Maha Sarakham, which opened on 27th March 2010, 26th June 2010, and 25th December 2010 respectively, with approximately 160 employees for each branch.

Number of Employee as between December 31, 2005 – December 31, 2010

Branch	31-Dec-05	31-Dec-06	31-Dec-07	31-Dec-08	31-Dec-09	31-Dec-10
1. Roi Et	207	225	221	233	223	243
2. Khon Kaen	218	226	208	195	195	212
3. Udon Thani	214	211	221	180	180	174
4. Chiang Mai	-	252	193	129	129	144
5. Rayong	-	-	191	157	157	124
6. Chonburi	-	-	-	160	160	135
7. Nakorn Pathom	-	-	-	159	159	145
8. Ratchaburi	-	-	-	-	119	145
9. Kalasin	-	-	-	-	-	154
10. Nakorn Sawan	-	-	-	-	-	147
11. Maha Sarakham	-	-	-	-	-	179
Total	639	914	1,034	1,213	1,322	1,802

3. Significant Labor Disputes during the past 3 years

- None –

4. Employee Training and Development Policy

The Company has put in place plans for employee training and development as follows:

1. Annual Training course
2. Establish training programme accordingly to duties and responsibilities of employees.
3. Assess and evaluate the result after training and improve the programme in future.

Internal Control

The Company values the importance of internal control and risk management because we are aware that an effective internal control can minimize risks and help achieving objectives. The Company clearly set duties, roles, and responsibility to all employees of every level of management in the Company. The Company also clearly set out rules and regulations to ensure everyone conduct duties under them and all within the Laws of the Kingdom of Thailand.

To assure the good practice of internal control, the Company formed an internal audit committee to supervise the internal operation of the Company and regularly report to the Board of Management and Audit Committee as summarized below:

1. Organization and Environment

The Organization has clear structure and clearly defined roles and responsibilities in writings and clearly stated the objective of the business with plans and strategies, which can be adapted accordingly to the changing environment.

The Company also educates employees to understand and love the organization. It provides good work environment and welfare for its employees including the measures of assessing and determining the duties and compensation for employee fairly and equally. The company also provide regular employee training to ensure the best service for our customers.

2. Risk Management

The Board of Directors assigns a group of executives to regularly considered and evaluated the risks that may affect the result of operation of the Company such as in the aspects of Politics, Economy, risks in investment, costs, behavior of consumers etc. Such information is used to evaluate and adapt the strategies and develop risk mitigation plans.

3. Controlling

Company has specified the scope of authority, approval credit limit of executive in each level clearly in writing, and completely separate duty and responsibility for approval work, account booking and information technology, and the looking after of property separately in order to examine each other.

4. Information Technologies and Communication System (ITC)

The Company pays a very high attention and invests its resources to improve its ITC system. In 2010, the Company develops programs for sales, accounting, procurement, distribution, and warehousing to increase efficiency of flows of operations and to facilitate communication between functions of the work using MS Share Point and gain visibility for better controlling.

5. Monitoring

The Company organizes Board of Managing Directors including branch managers on a monthly basis to monitor the performance of operation. Internal auditors are also assigned and able to work independently to monitor and track the progress and performance of each function then report directly to the Management level of each function.

Related Transactions

Related Transactions in the years 2008, 2009 and 2010

Related Companies / Related Persons	Relationship	Transaction	Necessity and Reasonableness
<p>1. Inter Concrete Industry Co., Ltd. (Inter Concrete) had established manufactory to distribute ready mixed concrete and concrete's products by 4 Directors, namely</p> <p>1. Mr.Witoon Suriyawanakul</p> <p>2. Mr.Anawat Suriyawanakul</p> <p>3. Mrs.Warunee Suriyawanakul</p> <p>4. Ms.Kunnatee Suriyawanakul</p> <p>(Note: In June 2010, 2 Directors who is Mr.Tepakun Poonlarp and Mr.Wirutsak Poonlarp had resigned therefore Ms.Kunnatee Suriyawanakul was replaced).</p>	<p>Mr.Witoon Suriyawanakul, Mr.Anawat Suriyawanakul and Mrs.Warunee Suriyawanakul are major shareholders of Inter Concrete Industry Co., Ltd. as Mr.Witoon hold share is 40.40%, Mr.Anawat hold share is 20.20% and Mrs.Warunee hold share is 20.20% which total 80.80%. Beside, Mrs.Warunee Suriyawanakul is authorized signature.</p>	<p>The company major sold Portland cement and construction materials to Inter Concrete. In 2008 and 2009, and 2010 our sales was 17.23 Million Baht, 13.78 Million Baht and 20.36 Million Baht respectively. As at 31 December 2009, the company has an expense of account receivable around 1.44 Million Baht</p> <p>Siam Global House Public Company Limited purchased ready-mixed cement from Inter concrete in 2008 and 2009 around 1.46 Million Baht and 0.24 Million Baht respectively. As at 31 December 2009, the company had no account payable accrued. Moreover, there is no purchasing in 2010.</p>	<p>The transactions between Global House and Inter Concrete are under normal business practices and are the common transactions that Global House has conducted with other parties. However, the company could receive discount from account payable from the large amount of join orders.</p> <p>The objective of purchasing was to build concrete land at Roi-Et branch in order to renovate its fix asset under normal business practices. The Audit Committee has considers that the transaction is reasonable and fair price. The future related transaction policy should be continued in order to benefit both companies.</p>

Related Transaction (continued)

Related Companies / Related Persons	Relationship	Transaction	Necessity and Reasonableness
<p>2. Siam Global Engineering Co., Ltd. had operated the business to distribute transformation engineering product, installation of steel structure and construction projects, the company operated by 4 Directors, namely</p> <p>1. Mr. Anawat Suriyawanakul</p> <p>2. Mr. Apilas Suriyawanakul</p> <p>3. Mr. Pongkorn Suriyawanakul</p> <p>4. Ms. Kunnatee Suriyawanakul</p> <p>(Note: In February 2010, 2 Directors who is Mr. Tepakul Poonlarb and Mr. Wirutsak Poonlarb had resigned therefore Mr. Pongkorn Suriyawanakul and Ms. Kunnatee Suriyawanakul were replaced)</p>	<p>Mr. Witoon Suriyawanakul, Mr. Anawat Suriyawanakul and Mrs. Warunee Suriyawanakul are major shareholders of Siam Global Engineering Company Limited.</p> <p>Mr. Witoon hold share is 50.10%, Mr. Anawat hold share is 7.50% and Mrs. Warunee hold share is 10.00% which total 67.60%. Furthermore, Mr. Apilas Suriyawanakul who holds 30.00% of stock is the authorized signature.</p>	<p>The company major sold steels and hardware tools for the factory and construction to Global Engineering.</p> <p>In 2008 and 2009, and 2010 our sales was 5.76 Million Baht, 1.90 Million Baht and 0.07 Million Baht respectively. As at 31 December 2009, the company has an expanse of account receivable only 2,428 Baht</p> <p>Siam Global House Public Company Limited purchased materials from Global Engineering in 2008, 2009 and 2010 around 19.54 Million Baht, 14.03 Million Baht and 15.69 Million Baht respectively.</p> <p>As at 31 December 2009, the company had no account payable accrued.</p>	<p>The transactions are under normal business practices and are the common transactions that Global House has conducted with other parties. However, the company could receive discount from account payable from the large amount of join orders. While, Global Engineering also benefited from steel cost reduced</p> <p>The objective of purchasing was to construct cranes and some shelves by professional engineers in Chonburi branch. Moreover, the company employed to make pillar's signpost of Nakhon Pathom branch and repaired in Chiang Mai branch in the normally wholesale price. The Audit Committee has considers that the transaction is reasonable and fair price. However, Global Engineering will order directly to account payable, so there is no future transaction between both companies.</p>

Related Transaction (continued)

Related Companies / Relates Persons	Relationship	Transaction	Necessity and Reasonableness
<p>3. Ban Motorcycle Co.,Ltd. (Ban Motorcycle) distributes motorcycle and parts which operate by 3 Directors, namely</p> <ol style="list-style-type: none"> 1. Mr.Tepakul Poonlarb 2. Mr.Wittawat Shoithong 3. Mr.Wirutsak Poonlarb <p>(Note: Mr.Witoon Suriyawanakul and Mr.Anawat Suriyawanakul have resigned)</p>	<p>Mr.Witoon Suriyawanakul, Mr.Anawat Suriyawanakul and Mrs.Warunee Suriyawanakul used to be the directors and shareholder of Ban Motorcycle.</p>	<p>The company major sold office's products to Ban Motorcycle. In 2008, company's sales was 0.02 Million Baht while there was no transaction in 2009 and 2010.</p> <p>In 2008, the company purchased motorcycle's tires and repaired its motorcycles which total amount was 0.002 Million Baht, 540 Baht in 2009. Despite, there was no transaction in 2010.</p>	<p>The transactions are under normal business practices and are the common transactions that Global House has conducted with other parties. The products also provide the same condition as market price. The Audit Committee has considers that the transaction is reasonable and fair price.</p>

Related Transaction (continued)

Related Companies / Related Persons	Relationship	Transaction	Necessity and Reasonableness
4. Siam Global Technical Cleaning Services Co.,Ltd. (Global Technical) The company's major services is house cleaning which operated by Mr.Wirutsak Poonlarp	Mr.Witoon Suriyawanakul, Mr.Anawat Suriyawanakul and Mrs.Warunee Suriyawanakul are major shareholder in Global Technical which total hold share is 60.0% The share could be divide to 25.0%, 10.0% and 25.0% respectively.	There was no transaction in 2008 and 2009.	
5. Petch Nam Nueng Non-juristic body of persons by Mrs. Warunee Suriwanakul	A Group of persons Phet Nam Neung operated by Mrs.Warunee Suriyawanakul, the major shareholder and Chief Executives Officers of the company.	The company leased empty land (Registration number 23237) where area 0-2-96 rai. The company used the land to be distribution center where located at Pudtamonthon sai 3, Thaweewattanna, Taling chan district, Bangkok. Land rental fee in 2008, 2009 and 2010 was 20,000 Baht per month.	This transaction's objective is to settle distribution center where received products from suppliers and distributed to every branch during day. The Audit Committee has considers that the transaction is reasonable and fair price when compare with normal rental rate.

Related Transaction (continued)

Related Companies / Related Persons	Relationship	Transaction	Necessity and Reasonableness
6. Viboonphanit Ltd., Part.(Viboonphanit) is retail and wholesale business which distributes consumer goods, operate by Mr.Viboon Suriyawanakul	Mr.Witoon Suriyawanakul, Mr.Anavat Suriyawanakul, and Mr. Pongkorn Suriyawanakul are directors and major shareholders, which total hold share is 23.08%	The company major sold ceramic tiles, fitting and maintenance materials to Viboonphanit. In 2008, our sale was 0.02 Million Baht. Therefore, there was no transaction in 2009 and 2010	The transactions are under normal business practices and are the common transactions that Global House has conducted with other parties. The Audit Committee has considers that the transaction is reasonable and fair price.
7. The directors, namely Mr.Witoon Suriyawanakul, Mr.Anavat Suriyawanakul, Mr.Yuttana Suriyawanakul, Ms.Chutikan Sriseangchan Mrs.Nittaya Rattanapibuldet And company's shareholders, namely Mrs.Prathumwan Suriyawanakul, Mr.Pongkorn Suriyawanakul and Mr.Pongsak Suriyawanakul (Mr.Witoon Suriyawanakul's relatives) purchased the company's products.	The directors, namely Mr.Witoon Suriyawanakul, Mr.Anavat Suriyawanakul, Mr.Yuttana Suriyawanakul, Ms.Chutikan Sriseangchan Mrs.Nittaya Rattanapibuldet And company's shareholders, namely Mrs.Prathumwan Suriyawanakul, Mr.Pongkorn Suriyawanakul and Mr.Pongsak Suriyawanakul (Mr.Witoon Suriyawanakul's relatives)	The company major sold construction materials and decorative items to the directors and shareholders. In 2008, our sales was 0.05 Million Baht, 0.009 Million Baht and 0.007 Million Baht in 2009 and 2010 respectively. As at 31 December 2010 there was no any accrued.	The transactions are under normal business practices and are the common transactions that Global House has conducted with other parties. The Audit Committee has considers that the transaction is reasonable and fair price.

Related Transaction (continued)

Related Companies / Related Persons	Relationship	Transaction	Necessity and Reasonableness
8. Mr.Witoon Suriyawannakul	Mr.Witoon Suriyawannakul Chief Executive Director and Major shareholder.	Mr.Witoon Suriyawannakul has given short-term loans for the company Mr.Witoon Suriyawannakul has given the short-term loans for the company for the purpose to purchase a land, where prepared for the company, in Q1 2009, total 5.30 Million Baht which Mr.Witoon Suriyawannakul collected interest from the company. As at 31 December 2010 there was no any addition transaction.	The short-term loans for the company for the purpose to purchase a land, which benefit its business. Furthermore, the company has already released liability on 20 April 2009. The Audit Committee has considers that the transaction is reasonable, fair price and benefit company's business.
9. The company's directors guaranteed the company for loan.	Mr.Witoon Suriyawannakul Mrs.Warunee Suriyawannakul Mr.Anavat Suriyawannakul Mr.Tepekul Poonlarp and Mr.Virunsak Poonlarp the company's directors	The transaction is the personal guarantee for the business, the company has already released liability in January 2011.	The company has loan from many financial institutions for operated the business. The Audit Committee has considers that the transaction is reasonable, fair price and benefit company's business.

Related Transaction (continued)

Related Companies / Related Persons	Relationship	Transaction	Necessity and Reasonableness
10. Mr. Witoon Suriyawanakul Mrs. Warunee Suriyawanakul and Mr. Anawat Suriyawanakul	Mr. Witoon Suriyawanakul Mrs. Warunee Suriyawanakul and Mr. Anawat Suriyawanakul The directors and executives.	The company received the personal's asset which were 3 units of land title deed with constructions No. 21469, 31236-7, Roi-Et and land title deed with constructions No. 204239-46 202589 134770 211055-61 and 202588, Nonthaburi in order to guarantee the letter of credit from financial institution. The mortgage credit value is 132.00 Million Baht. Furthermore, Mr. Witoon Suriyawanakul Mrs. Warunee Suriyawanakul and Mr. Anawat Suriyawanakul didn't provide any guarantee cost for the company. Moreover, the company has already released liability on 31 December 2010.	The guarantor's transaction occurred to benefit the company. The Audit Committee has considered that the transaction is reasonable and benefit company's business.

Related Transaction (continued)

Related Companies / Related Persons	Relationship	Transaction	Necessity and Reasonableness
11. Global Concrete Co.,Ltd, established to distribute and manufacture blocks. Despite, the company has already closed down.	Mr.Anawat Suriyawanakul is the company's directors and major shareholder. Moreover, there are 5 directors namely Mr.Witoon Suriyawankul, Mrs.Warunee Suriyawanakul, Mr.Tepakul Poonlarp, Mr.Wirutsak Poonlarp and Ms.Nipaphan Suriyawanakul, the total hold share is 45.00%	The company received Global Concrete's asset which were 2 units of land title deed with constructions No. 111405-6, Khonkaen in order to guarantee the letter of credit from financial institution. The mortgage credit value is 6.00 Million Baht. Furthermore, there was no condition and guarantee cost from Global. Moreover, the company has already released liability on 31 December 2010.	The guarantee's transaction occurred to benefit the company. The Audit Committee has considers that the transaction is reasonable and benefit company's business.

Financial Analysis and Business Operation Results

Consolidated Financial Statement and Results

Consolidate financial statements	Audit	Audit	Audit
	31-Dec- 2010	31-Dec- 2010	31-Dec- 2010
Income Statement (Million Baht)			
Sales	5,831.28	4,198.87	3,967.40
Total Sales	5,970.53	4,462.87	4,001.36
Gross Profit (Loss)	919.82	653.66	652.31
Profit (Loss) before financial cost and income tax	572.35	516.27	20.77
Net Profit (Loss)	362.13	358.98	-130.9
Balance Sheet (Million Baht)			
Total Assets	5,865.75	4,580.69	3,591.75
Total Liabilities	3,222.94	2,175.22	2,188.40
Total Shareholders' Equity	2,642.81	2,405.47	1,403.35
Financial Ratio			
Gross Profit Margin (%)	15.77	15.57	16.44
Net Profit Margin (%)	6.07	8.04	-3.27
Return on Equity (%)	14.35	17.16	-10.15
Return on Investment (%)	6.93	8.8	-4.64
Debts to Equity (times)	1.22	0.9	1.56
Earnings per Share (Baht)			
Earnings per Share*	0.3772	0.4489	-0.187
Book Value per Share	2.7529	2.5057	2.0048
Common Stocks (shares)	960,000,000	960,000,000	700,000,000

Note: as at 31 December 2010, the Company has authorised capital of 960 million Baht and Paid-up Capital of 960 million Baht.

Overview of Business Operating Results

The business operation results have grown significantly over the past three years as a result of business expansion (opening new stores and growth of existing stores). The turbulences in politics and economics had not affect the business in significance, mainly because none of Company's branches were in the worst affected area and every thing went according to plans.

Business Operation Results

Revenue

The Company's revenue has grown from 4,001.36 million Baht in 2008 to 4,462.87 million Baht in 2009 to 5970.53 million Baht in 2010, which is an equivalent, in percentage terms, of 11.53% and 33.78% in growth respectively. These figures are reflections of branches expansion in Kalasin, Nakhon Sawan, and Maha Sarakham and increased revenues of existing branches.

Costs and Expense of Sales and Administration

The proportions of costs of sales to the revenues from 2008 till 2010 were 82.85%, 79.44%, and 82.26% respectively. From the figures of 2008 and 2010 shows a trend of decreasing proportions of Costs of sales to revenue. This is a result of good strategies and efficient sourcing of products. Administrative expenses from 2008 till 2010 are 665.49 million Baht, 401.10 million Baht, and 486.72 million Baht respectively. The higher than usual figure in 2008 is due to the fire accident in Chiang Mai branch in November 2008.

Gross Profit Margin and Net Profit Margin

The Company' Gross profit margin in 2008 was 16.44%, in 2009 was 15.57%, and in 2010 was 15.77%. The higher Gross profit margin in 2008 was a result of the rise in structural material market price in 2008 and later price was reduced back. The Net profit margins for the year 2008 till 2010 comparing to the revenues of the Company were -3.27%, 8.04%, and 6.07% respectively. Loss from the fire accident shows on the year 2008 statement, whereas in 2009 the Company received the compensation from the Insurance Company, which was listed as other income of value 214.72 million Baht.

Financial Statement of the Company

Assets

The total assets of the Company from 2008 to 2010 were 3,591.75 million Baht, 4,580.69 million Baht, and 5,865.75 million Baht respectively. Significant changes are as follows:

1. Cash and cash equivalent as at 31st December 2008 was 15.14 million Baht, as at 31st December 2009 was 20.48 million Baht, and as at 31st December 2010 was 90.89 million Baht. The decrease of cash in the year 2008 was due to purchases of fixed assets for expansion. The cash and equivalent in 2009 increased to 33.53 million Baht was from the increase cash flow from normal business operation, which reflected better efficiency of strategies and operation.
2. Account receivables as at 31st December 2008 was 43.44 million Baht, as at 31st December 2009 was 9.03 million Baht, and as at 31st December 2010 was 9.14 million Baht. The reduction of account receivable in 2009 and 2010 comparing to 2008 was very significant due to the Company's strict policy on giving credits and collection.
3. Inventory as at 31st December 2008 was 1339.37 million Baht, as at 31st December 2009 was 1867.73 million Baht, and as at 31st December 2010 was 2680.90 million Baht. The significant increase in inventory was the result of expansion.
4. Land, Building and equipment as at 31st December 2008 was 1971.56 million Baht, as at 31st December 2009 was 2580.49 million Baht, and as at 31st December 2010 was 2925.24 million Baht.

Liabilities

The total liabilities as at 31st December 2008 was 2188.40 million Baht, as at 31st December 2009 was 2175.22 million Baht, and as at 31st December 2010 was 3221.76 million Baht. The debt ratios over the three years were 1.56, 0.9, and 1.22 respectively. 2010 was higher than 2009 because the Company receive credit from financial institution for business expansion.

Shareholders' Equity

The Company has shareholders' equity as at 31st December 2008 was 1403.35 million Baht, as at 31st December 2009 was 2405.47 million Baht, and as at 31st December 2010 was 2642.81 million Baht. In 2007 and 2008 the Company has registered capital and paid-up capital of 700 million Baht. However, there are factors that caused the shareholders' equity to fall in 2008 comparing to 2007, which was the loss from the fire accident in Chiang Mai Branch at the end of 2008. The damages were covered by insurance however the compensation was accounted for in the following year 2009, therefore there was a loss of 284.14 million Baht in 2008, together with the announcement of issuing dividend of 243.60 million Baht to shareholders prior IPO in 2009 and causing the appropriated retained earnings and unappropriated retained earnings as at 31st December 2008 remained at 7.94 million Baht. In the year 2009, the company received the compensation from the Insurance Company and gained capital from IPO in August 2009 and in consequence, the Company has registered capital and paid-up capital of 960 million Baht and had appropriated retained earnings and unappropriated retained earnings equivalent to 387.52 million Baht. In 2010 the Company made net profit from operating of 362.13 million Baht and the Company reserved 18.11 million Baht in compliance with laws. As a result, as at 31 December 2010, the Company has the appropriated retained earnings and in compliance with the laws of 49.28 million Baht and had unappropriated retained earnings of 596.04 million Baht, which means the shareholder's equity increased comparing to 2009 approximately by 10%.

Audit Fee

1. Audit Fee

The Company paid audit fee to Mr. Methee Ratanasrimetha, Certified Public Accountant Registration No. 3425 or Ms Kanlayarat Chaiworapongsa, Certified Public Accountant Registration No. 3460 of M.R. & Associates Company Limited the amount of 1,400,000 Baht for the year 2009. And for the year 2010 the company paid Mr. Methee Ratanasrimetha, Certified Public Accountant Registration No.3425 or Mr Pichit Chewaruengroje, Certified Public Accountant Registration No.2803 of M.R. & Associates Company Limited of the amount of 1,450,000 Baht.

2. Non-Audit Fee

Non-Audit fee was the amount of 67,328 Baht for 2009 and 100,123 Baht for 2010.

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Financial Statements

For the years ended December 31, 2010 and 2009

and Audit Report of Certified Public Accountant

M.R. & ASSOCIATES CO., LTD.

Certified Public Accountants



M.R. & ASSOCIATES CO., LTD.

บริษัท เอ็ม อาร์ แอนด์ แอสโซซิเอท จำกัด

INDEPENDENT MEMBER OF GENEVA GROUP INTERNATIONAL

AUDIT REPORT OF CERTIFIED PUBLIC ACCOUNTANT

To the Shareholders and the Board of Directors of Siam Global House Public Company Limited

I have audited the accompanying balance sheets of Siam Global House Public Company Limited as at December 31, 2010 and 2009, and the related statements of income, changes in shareholders' equity and cash flows for the years then ended. The Company's management is responsible for the correctness and completeness of the information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Siam Global House Public Company Limited as at December 31, 2010 and 2009, the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.

(Mr. Methae Ratanasrimetha)
Certified Public Accountant
Registration No. 3425

Bangkok
February 16, 2011

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

BALANCE SHEETS

AS AT DECEMBER 31, 2010 AND 2009

ASSETS

		In Baht	
	Note	2010	2009
CURRENT ASSETS			
Cash and cash equivalents		90,891,100	20,483,760
Trade accounts receivable			
- Related parties	4	1,496,222	1,450,561
- Others - net	5	7,643,520	7,583,265
Merchandises - net	6, 10	2,680,897,856	1,867,729,733
Other current assets	7	151,961,726	97,249,769
Total current assets		2,932,890,424	1,994,497,088
NON-CURRENT ASSETS			
Deposits at financial institutions under pledged		581,575	381,033
Investment in available-for-sales security		53,505	38,497
Property, plant and equipment - net	4, 8	2,925,243,318	2,580,486,215
Other non-current assets			
- Computer software - net	9	4,066,372	3,068,948
- Others		2,918,605	2,218,702
Total non-current assets		2,932,863,375	2,586,193,395
TOTAL ASSETS		5,865,753,799	4,580,690,483

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

BALANCE SHEETS

AS AT DECEMBER 31, 2010 AND 2009

LIABILITIES AND SHAREHOLDERS' EQUITY

		In Baht	
	Note	2010	2009
CURRENT LIABILITIES			
Bank overdrafts and short-term loans			
from financial institutions	11	1,359,309,686	760,233,877
Trade accounts payable			
- Related parties	4	-	5,007,600
- Others		1,067,993,086	826,383,973
Current portion of finance lease liabilities	12	4,429,730	692,007
Current portion of long-term loans	13	182,582,177	127,709,559
Income tax payable		51,854,176	37,682,472
Accrued expenses and other current liabilities	14	66,442,802	43,235,097
Total current liabilities		2,732,611,657	1,800,944,585
NON-CURRENT LIABILITIES			
Finance lease liabilities - net	12	11,619,322	640,588
Long-term loans - net	13	478,710,231	373,636,777
Total non-current liabilities		490,329,553	374,277,365
Total liabilities		3,222,941,210	2,175,221,950

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

BALANCE SHEETS

AS AT DECEMBER 31, 2010 AND 2009

LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)

		In Baht	
	Note	2010	2009
SHAREHOLDERS' EQUITY			
Share capital			
Authorized share capital	15	960,000,000	960,000,000
Issued and paid-up share capital	15	960,000,000	960,000,000
Share premium	16	383,110,000	383,110,000
Revaluation surplus on property - net	17	654,372,110	674,845,896
Fair value change in available-for-sales security	17	10,005	(5,003)
Retained earnings			
Appropriated for legal reserve	18	49,282,751	31,172,751
Unappropriated		596,037,723	356,344,889
Total shareholders' equity		2,642,812,589	2,405,468,533
TOTAL LIABILITIES AND			
SHAREHOLDERS' EQUITY		5,865,753,799	4,580,690,483

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

		In Baht	
	Note	2010	2009
REVENUES			
Net sales	4	5,831,282,527	4,198,865,150
Other income	4, 27	139,251,617	264,001,163
Total revenues		<u>5,970,534,144</u>	<u>4,462,866,313</u>
EXPENSES	20		
Cost of goods sold		4,911,459,086	3,545,203,279
Selling expenses		190,447,233	149,626,670
Administrative expenses	4	276,635,983	235,795,388
Management remuneration	21	19,638,749	15,974,550
Total expenses		<u>5,398,181,051</u>	<u>3,946,599,887</u>
Profit before Finance Costs and Income Tax Expense		572,353,093	516,266,426
Finance Costs	4	<u>81,329,935</u>	<u>70,705,041</u>
Profit before Income Tax Expense		491,023,158	445,561,385
Income Tax Expense	22	<u>128,894,110</u>	<u>86,582,491</u>
NET PROFIT		<u>362,129,048</u>	<u>358,978,894</u>
Basic Earnings per Share		<u>0.3772</u>	<u>0.4489</u>

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

In Baht							
	Issued and paid-up share capital	Share premium	Revaluation surplus on property - net	Fair value	Retained earnings		Total shareholders' equity
				changes in available-for-sales security	Appropriated for legal reserve	Unappropriated (Deficit)	
Balance as at January 1, 2009	700,000,000	-	695,439,954	(29,754)	13,222,751	(5,278,063)	1,403,354,888
Proceeds from capital increase	260,000,000	403,000,000	-	-	-	-	663,000,000
Expenses relating to capital increase	-	(19,890,000)	-	-	-	-	(19,890,000)
Fair value change in available-for-sales security	-	-	-	24,751	-	-	24,751
Increase in depreciation of property revaluation	-	-	(20,594,058)	-	-	20,594,058	-
Appropriation for legal reserve	-	-	-	-	17,950,000	(17,950,000)	-
Net profit	-	-	-	-	-	358,978,894	358,978,894
Balance as at December 31, 2009	960,000,000	383,110,000	674,845,896	(5,003)	31,172,751	356,344,889	2,405,468,533
Fair value change in available-for-sales security	-	-	-	15,008	-	-	15,008
Increase in depreciation of property revaluation	-	-	(20,473,786)	-	-	20,473,786	-
Appropriation for legal reserve	-	-	-	-	18,110,000	(18,110,000)	-
Net profit	-	-	-	-	-	362,129,048	362,129,048
Dividends	-	-	-	-	-	(124,800,000)	(124,800,000)
Balance as at December 31, 2010	960,000,000	383,110,000	654,372,110	10,005	49,282,751	596,037,723	2,642,812,589

The accompanying notes are an integral part of these financial statements.

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	In Baht	
	2010	2009
Cash flows from operating activities		
Net profit	362,129,048	358,978,894
Adjustments for		
Depreciation and amortization	130,439,373	103,964,667
Interest income	(258,403)	(294,979)
Interest expense	79,940,367	69,574,806
Increase (decrease) in allowance for doubtful accounts	(1,791,381)	510,168
Written-off bad debts	1,092,155	-
Unrealized loss on exchange rate	573,525	150,908
Loss on devaluation of merchandises	3,500,000	9,296,968
Gain on sale fixed assets	(65,713)	(34,664)
Loss on written-off computer software	-	7,238,192
Income from insurance claim and sale of damage goods		
and scrap - net	-	(215,192,673)
Income tax expense	128,894,110	86,582,491
	704,453,081	420,774,778
Changes in operating assets and liabilities		
Trade accounts receivable	593,310	33,896,446
Merchandises	(816,668,123)	(540,525,048)
Other current assets	(54,711,957)	(30,035,516)
Deposits at financial institutions under pledged	(200,542)	(52,819)
Other non-current assets	(699,903)	(719,960)
Trade accounts payable	224,678,052	243,838,329
Accrued expenses and other current liabilities	2,878,178	25,899,491
Income tax paid	(114,722,406)	(64,246,418)
Net cash provided by (used in) operating activities	(54,400,310)	88,829,283

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	In Baht	
	2010	2009
Cash flows from investing activities		
Interest received	258,403	294,979
Proceeds from sale of fixed assets	112,262	43,739
Proceeds from insurance claim and sale of damage goods and scrap	-	365,740,379
Increase in property, plant and equipment	(427,671,017)	(713,934,841)
Increase in computer software	(1,575,850)	(3,765,775)
Net cash used in investing activities	(428,876,202)	(351,621,519)
Cash flows from financing activities		
Interest paid	(78,012,007)	(71,522,124)
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	598,501,554	(30,322,751)
Increase in long-term loans from financial institutions	281,846,528	67,200,000
Payment of long-term loans from financial institutions	(121,900,456)	(95,608,203)
Payment of finance lease liabilities	(1,951,767)	(1,122,575)
Proceeds from capital increase	-	663,000,000
Expenses relating to capital increase	-	(19,890,000)
Dividend paid	(124,800,000)	(243,600,000)
Net cash provided by financing activities	553,683,852	268,134,347
Net increase in cash and cash equivalents	70,407,340	5,342,111
Cash and cash equivalents at beginning of year	20,483,760	15,141,649
Cash and cash equivalents at end of year	90,891,100	20,483,760

Non-cash transaction

During the year ended December 31, 2010, the Company acquired fixed assets totaling Baht 474.7 million. Cash payments of Baht 427.7 million was made to purchase the fixed assets.

Siam Global House Public Company Limited

Note to Financial Statement

December 31, 2010 and 2009

1. GENERAL

Siam Global House Public Company Limited, “the Company”, is incorporated in Thailand. The Company was listed on the Stock Exchange of Thailand on August 19, 2009.

The Company engages in merchandising of construction and decoration materials and equipment.

The registered offices and respective month when operation started are as follows:

		<u>Started Operation</u>
Head office	: 232 Moo 19, Tambol Robmuang, Amphur Muang, Roi-Et	November 1997
Branch 2	: 377 Moo 21, Maliwan Road, Tambol Banped, Amphur Muang, Khon Kaen	January 2002
Branch 3	: 202 Moo 5, Tambol Sam Phrao, Amphur Muang, Udon Thani	May 2004
Branch 4	: 99/3 Moo 11, Tambol Thawangtan, Amphur Saraphi, Chiang Mai	August 2006
Branch 5	: 137 Moo 4, Tambol Tubma, Amphur Muang, Rayong	October 2007
Branch 6	: 25/74 Moo 3, Tambol Bansuan, Amphur Muang Chonburi, Chonburi	June 2008
Branch 7	: 222 Moo 8, Tambol Lampaya, Amphur Muang Nakornprathom, Nakornprathom	September 2008
Branch 8	: 280 Moo 2, Tambol Jedeehak, Amphur Muang Ratchaburi, Ratchaburi	December 2009
Branch 9	: 193 Moo 10, Tambol Lamphan, Amphur Muang, Kalasin	March 2010
Branch 10	: 99/6 Moo 10, Tambol Nongkrot, Amphur Muang, Nakhon Sawan	June 2010
Branch 11	: 28 Sarakham-Wapepratum Road, Tambol Talad, Amphur Muang, Mahasarakham	December 2010

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The accompanying financial statements are prepared in Thai Baht in the Thai language in conformity with generally accepted accounting principles in Thailand. Accordingly, the accompanying financial statements are intended solely to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in Thailand.

Except as disclosed in the accounting policies, the accompanying financial statements have been prepared under the historical cost convention.

The Federation of Accounting Professions has issued the Notifications of Federation of Accounting Professions No. 17/2553 dated April 9, 2010, announced in the Royal Gazette on May 26, 2010; and No. 50-55/2553 dated November 24, 2010, announced in the Royal Gazette on December 15, 2010, regarding the Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS) and Thai Financial Reporting Interpretation (TFRIC) that have been effective as follows:

- a) Immediately effective
Accounting Framework (Revised 2009)
 - b) Effective for the period beginning on or after January 1, 2011
- | | |
|-----------------------|--|
| TAS 1(Revised 2009) | Presentation of Financial Statements |
| TAS 2 (Revised 2009) | Inventories |
| TAS 7 (Revised 2009) | Statement of Cash Flows |
| | Accounting Policies, Changes in Accounting Estimates and |
| TAS 8 (Revised 2009) | Errors |
| TAS 10 (Revised 2009) | Events after the Reporting Period |
| TAS 11 (Revised 2009) | Construction Contracts |
| TAS 16 (Revised 2009) | Property, Plant and Equipment |
| TAS 17 (Revised 2009) | Leases |
| TAS 18 (Revised 2009) | Revenue |
| TAS 19 | Employee Benefits |
| TAS 23 (Revised 2009) | Borrowing Costs |
| TAS 24 (Revised 2009) | Related Party Disclosures |
| TAS 26 | Accounting and Reporting by Retirement Benefit Plans |
| TAS 27 (Revised 2009) | Consolidated and Separate Financial Statements |
| TAS 28 (Revised 2009) | Investments in Associates |
| TAS 29 | Financial Reporting in Hyperinflationary Economies |
| TAS 31 (Revised 2009) | Interests in Joint Ventures |
| TAS 33 (Revised 2009) | Earnings per Share |
| TAS 34 (Revised 2009) | Interim Financial Reporting |
| TAS 36 (Revised 2009) | Impairment of Assets |
| TAS 37 (Revised 2009) | Provisions, Contingent Liabilities and Contingent Assets |
| TAS 38 (Revised 2009) | Intangible Assets |
| TAS 40 (Revised 2009) | Investment Property |
| TFRS 2 (Revised 2009) | Share-based Payment |
| TFRS 3 (Revised 2009) | Business Combinations |
| | Non-current Assets Held for Sale and Discontinued |
| TFRS 5 (Revised 2009) | Operations |
| TFRS 6 | Exploration for and Evaluation of Mineral Resources |
| TFRIC 15 | Agreements for the Construction of Real Estate |

c) Effective for the period beginning on or after January 1, 2013

TAS 12		Income tax
TAS 20	(Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21	(Revised 2009)	The Effects of Changes in Foreign Exchange Rates

Management is presently considering the potential initial impact of these new and revised TAS, TFRS and TFRIC on the financial statements.

For convenience of the readers, an English translation of the financial statements has been prepared from the Thai language statutory financial statements that are issued for domestic financial reporting purposes.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

Cash at banks which have restrictions in use are presented separately as “Deposits at financial institutions under pledged” under non-current assets in the balance sheet.

Trade Accounts Receivable and Allowance for Doubtful Accounts

Trade accounts receivable is stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Merchandises

Merchandises are valued at the lower of cost (moving average method) and net realizable value. Net realizable value is the selling price in the ordinary course of business, less marketing, distribution and other expenses which are necessary for sale of goods.

An allowance for loss is made for all deteriorated, damaged, obsolete and slow-moving inventories.

Investment

Investment in equity securities

Marketable equity securities other than those securities held for trading or intended to be held to maturity, are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognized directly in equity.

The fair value of financial instruments classified as available-for-sale is determined as the quoted bid price at the balance sheet date.

If the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

Property, Plant and Equipment

Owned assets

Equipment is stated at cost less accumulated depreciation and impairment losses.

Land and land improvement and building and building improvement are stated at revalued amounts. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Leased assets

Leases in terms of which the Company substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalized at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of income.

Revalued assets

Revaluations are performed by independent professional valuation agents with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the balance sheet date.

Any increase in value on revaluation, is credited to equity under the heading "revaluation surplus on property" unless it offsets a previous decrease in value recognized in the statement of income in respect of the same asset. A decrease in value is recognized in the statement of income to the extent it exceeds an increase previously recognized in the revaluation surplus in respect of the same asset.

Depreciation

Depreciation computed on cost or revalued amount is charged to the statement of income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvements	10	years
Buildings	20	years
Building improvements	5	years
Furniture, fixtures and office equipment	5	years
Computer equipment	3	years
Transportation	5	years

No depreciation is provided on land or assets under construction.

Computer software

Computer software is stated at cost less accumulated amortization and impairment losses.

Amortization

Amortization is charged to the statement of income on a straight-line basis over the estimated useful life of 5 years.

Impairment of Assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts (the higher of an asset's net selling price or value in use) are estimated. The review is made for individual assets or for the cash-generating unit.

In case that the carrying value of an asset exceeds its recoverable amount, the Company recognizes the impairment losses by reducing the carrying value of the asset to be at its recoverable amount and recording the devaluation in the statement of income. The reversal of impairment losses recognized in prior years is recorded as part of other income when there is an indication that the impairment losses recognized for the assets no longer exist or are decreased. A reversal of an impairment loss on a revalued asset is credited directly to equity and treats as revaluation surplus increase. However, a reversal of an impairment loss on a revalued asset should be recognized in the statement of income to the extent that it reverses an impairment loss on the same asset that previously was recognized as an expense in the statement of income.

Provisions

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

Warranties

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Revenue Recognition

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Revenue is recognized in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Insurance claim is recognized in the statement of income when the claim becomes receivable.

Interest and other income are recognized on an accrual basis.

Expenses

Operating leases

Payments made under operating leases are recognized in the statement of income on a straight-line basis over the term of the lease. Contingent rentals are charged to the statement of income in the accounting period in which they are incurred.

Finance costs

Interest expense and similar costs are charged to the statement of income in the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognized in the statement of income using the effective interest rate method.

Use of Estimates

In order to prepare financial statements in conformity with generally accepted accounting standards in Thailand, management needs to make estimates and set assumptions that affect income, expenditure, assets and liabilities in order to disclose information on the valuation of assets, liabilities and contingent liabilities. Actual outcomes may, therefore, differ from the estimates used.

The estimates and underlying assumptions used in the preparation of these financial statements are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Foreign Currency Transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in the statement of income.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from operational and financing activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognized immediately in the statement of income.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the balance sheet date for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Income Tax

The provision for income tax of the Company is based on the amount currently payable according to the Revenue Code.

Basic Earnings per Share

Basic earnings per share is determined by dividing the net profit by the weighted average number of ordinary shares outstanding during the years (960,000,000 shares in 2010 and 799,726,027 shares in 2009).

4. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties are those parties controlled by the Company or have power control over the Company, directly or indirectly, or have significant influence over the financial or operating policies of the company.

The related parties consisted of:

Company and party	Type of Business	Relationships	Percentage of Holding	
			2010	2009
Global Concrete Co., Ltd.	Manufacturing and trading of brick block	Co-shareholders and director	-	-
Ban Motorcycle Co., Ltd.	Trading of motorcycle	Co-shareholders and directors	-	-
Siam Global Engineering Co., Ltd.	Fabrication hire of work	Co-shareholders and directors	-	-
Siam Global Asset Co., Ltd.	Real estate	Co-shareholders and directors	-	-

Company and party	Type of Business	Relationships	Percentage of Holding	
			2010	2009
Wiboon Panich Roi-Et Partnership Ltd.	Trading of consumer goods	Co-shareholders and directors	-	-
Inter Concrete Industry Co., Ltd.	Trading of ready mixed concrete	Co-shareholders and directors	-	-
Petch Nam Nueng Non-juristic body of persons (by Khun Warunee Suriyawanakul) *	-	-	-	-

* Represents the Company's shareholder and director

The pricing policies for particular types of transactions are explained further below:

Type of Transactions	Pricing Policies
Revenue from sales of goods	Market price (wholesale price)
Rental expense	Negotiated agreement
Interest expense	Referenced to MMR of commercial bank
Purchase of fixed assets	Market price (wholesale price) and/or agreed price

Significant transactions for the years ended December 31, 2010 and 2009 with related parties were as follows:

	In Thousand Baht	
	2010	2009
Revenue from sales of goods		
Inter Concrete Industry Co., Ltd.	20,361	13,783
Siam Global Engineering Co., Ltd.	70	1,895
Others	73	9
Total	20,504	15,687
Rental expense		
Petch Nam Nueng - Non-juristic body of persons	240	240
Interest expense		
Mr. Witoon Suriyawanakul	-	26

	In Thousand Baht	
	2010	2009
Purchase of fixed assets		
Siam Global Engineering Co., Ltd.	15,692	14,029
Inter Concrete Industry Co., Ltd.	-	244
Total	15,692	14,273

Balances as at December 31, 2010 and 2009 with related parties were as follows:

	In Thousand Baht	
	2010	2009
Trade accounts receivable		
Inter Concrete Industry Co., Ltd.	1,494	1,439
Siam Global Engineering Co., Ltd.	2	12
Total	1,496	1,451

The trade accounts receivable are aged as follows:

	In Thousand Baht	
	2010	2009
Current	1,496	1,450
Overdue:		
- Not over 3 months	-	1
Total	1,496	1,451

	In Thousand Baht	
	2010	2009
Trade accounts payable		
Siam Global Engineering Co., Ltd.	-	5,008

Agreement with related party

The Company entered into a rental agreement with a related party (Petch Nam Nueng - Non-juristic body of persons) for a period of 5 years expiring in July 2012. The Company is committed to pay a monthly rental of Baht 20,000. The Company must comply with conditions indicated in the agreement.

5. TRADE ACCOUNTS RECEIVABLE - OTHERS - NET

As at December 31, 2010 and 2009, the Company had outstanding balance of trade accounts receivable - others, aged as follows:

	In Thousand Baht	
	2010	2009
Current	6,467	6,151
Overdue:		
- Not over 3 months	1,275	1,173
- Over 3 months to 6 months	-	171
- Over 6 months to 12 months	-	569
- Over 12 months	830	2,239
Total	8,572	10,303
Less allowance for doubtful accounts	(928)	(2,720)
Net	7,644	7,583

6. MERCHANDISES - NET

	In Thousand Baht	
	2010	2009
Merchandises	2,672,350	1,866,127
Goods in-transit	12,048	1,603
Total	2,684,398	1,867,730
Less allowance for loss on devaluation of merchandises	(3,500)	-
Net	2,680,898	1,867,730

7. OTHER CURRENT ASSETS

	In Thousand Baht	
	2010	2009
Value added tax receivables	96,570	57,086
Accrued sale promotion income	21,475	15,803
Deposits for purchase of merchandises	21,021	5,438
Input value added tax	1,862	10,497
Insurance claim receivable	-	3,449
Others	11,034	4,977
Total	151,962	97,250

8. PROPERTY, PLANT AND EQUIPMENT - NET

	In Thousand Baht					
	Land and land improvements (Appraisal)	Buildings and building improvements (Appraisal)	Furniture, fixtures and office equipment (Cost)	Transportation (Cost)	Construction in progress and advance for purchase of fixed assets (Cost)	Assets for future development (Appraisal)
						Total
Cost/Appraisal						
Balance as at January 1, 2009	1,184,079	796,704	169,505	58,044	22,741	2,332,536
Additions	31,845	30,430	57,538	2,010	123,459	713,949
Transfers – net	1,206	96,015	4,065	-	(101,286)	-
Disposals and written-off	-	-	(3,261)	-	-	(3,261)
Balance as at December 31, 2009	1,217,130	923,149	227,847	60,054	44,914	3,043,224
Additions	91,967	2,535	63,896	32,032	264,014	474,664
Transfers – net	33,970	185,151	1,704	-	(220,825)	-
Disposals	-	-	(490)	-	-	(490)
Balance as at December 31, 2010	1,343,067	1,110,835	292,957	92,086	88,103	3,517,398

	In Thousand Baht						
	Land and land improvements (Appraisal)	Buildings and building improvements (Appraisal)	Furniture, fixtures and office equipment (Cost)	Transportation (Cost)	Construction in progress and advance for purchase of fixed assets (Cost)	Assets for future development (Appraisal)	Total
Accumulated depreciation							
Balance as at January 1, 2009	51,674	202,800	64,967	39,530	-	2,005	360,976
Depreciation chargefor the year	6,442	35,976	31,556	8,400	-	906	83,280
Increase in depreciation	4,776	15,688	-	-	-	130	20,594
on revaluation of assets	-	-	(2,112)	-	-	-	(2,112)
Disposals and written-off	62,892	254,464	94,411	47,930	-	3,041	462,738
Balance as at December 31, 2009	8,588	48,920	42,906	8,069	-	903	109,386
Depreciation chargefor the year	4,771	15,572	-	-	-	131	20,474
Increase in depreciation	-	-	(443)	-	-	-	(443)
on revaluation of assets	76,251	318,956	136,874	55,999	-	4,075	592,155
Disposals							
Balance as at December 31, 2010							
Net book value							
At December 31, 2009	1,154,238	668,685	133,436	12,124	44,914	567,089	2,580,486
At December 31, 2010	1,266,816	791,879	156,083	36,087	88,103	586,275	2,925,243

The gross carrying amounts of fully depreciated fixed assets that are still in use as at December 31, 2010 and 2009 amounted to Baht 101.1 million and Baht 85.3 million, respectively.

Transportation with net book value of Baht 22.4 million and Baht 2.1 million as at December 31, 2010 and 2009, respectively, and furniture, fixtures and office equipment with net book value of Baht 2.2 million as at December 31, 2009, are assets under hire-purchase contracts.

As at December 31, 2010, the Company's land and structures are mortgage as collateral for the credit facilities granted from certain local financial institutions as described in Note 10.

9. COMPUTER SOFTWARE - NET

	In Thousand Baht		
	Computer software	Computer software under installation	Total
Cost			
Balance as at January 1, 2009	438	6,370	6,808
Additions	119	3,646	3,765
Written-off	-	(7,238)	(7,238)
Balance as at December 31, 2009	557	2,778	3,335
Additions	1,294	283	1,577
Transfer – net	2,816	(2,816)	-
Balance as at December 31, 2010	4,667	245	4,912
Accumulated amortization			
Balance as at January 1, 2009	176	-	176
Amortization charge for the year	90	-	90
Balance as at December 31, 2009	266	-	266
Amortization charge for the year	580	-	580
Balance as at December 31, 2010	846	-	846
Net book value			
At December 31, 2009	291	2,778	3,069
At December 31, 2010	3,821	245	4,066

10. CREDIT FACILITIES

As at December 31, 2010, the Company has agreement with local financial institutions for the following credit facilities:

	In Thousand Baht
Long-term loan	1,915,000
Short-term loan	1,910,000
Bank overdraft	70,000
Letter of credit and trust receipts	410,000
Forward contract	220,000
Letter of guarantee	9,051
Total	<u>4,534,051</u>

The credit facilities are secured by:

- a) Mortgage major part of the Company's land and structures as described in Note 8,
- b) Merchandises of a branch are pledge as collateral amounting to Baht 150 million, and
- c) The insurance coverage on structures and certain merchandises are assigned to the banks.

The above credit facilities contain certain restrictions on maintenance of financial ratios etc.

11. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

	In Thousand Baht	
	2010	2009
Bank overdrafts	1,232	45,444
Trust receipts	78,078	64,790
Short-term loans from financial institutions	1,280,000	650,000
Total	<u>1,359,310</u>	<u>760,234</u>

Short-term loans from financial institutions comprise of promissory notes from various local banks and bear interest at the rates ranging from MLR - 1.25% to MOR - 1.25% per annum in 2010 and MLR - 1% to MOR - 1.25% per annum in 2009.

Bank overdrafts and short-term loans from financial institutions are secured by assets as described in Note 10.

12. FINANCE LEASE LIABILITIES

Finance lease liabilities are payable as follows:

	In Thousand Baht					
	2010			2009		
	Principal	Interest	Payments	Principal	Interest	Payments
Within one year	4,430	625	5,055	692	53	745
After one year but within five years	11,619	719	12,338	641	23	664
Total	<u>16,049</u>	<u>1,344</u>	<u>17,393</u>	<u>1,333</u>	<u>76</u>	<u>1,409</u>

The Company entered into hire-purchase contracts with a local financial institution and a local company covering its transportation. Under the terms of the contract, the Company must comply with certain conditions covering the leased assets.

As of December 31, 2010 and 2009, the Company had future minimum lease payment under the hire-purchase contracts as follows:

Years	In Thousand Baht	
	2010	2009
2010	-	745
2011	5,055	498
2012	4,723	166
2013	4,556	-
2014	3,059	-
Total	<u>17,393</u>	<u>1,409</u>

13. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS

As at December 31, 2010 and 2009, the periods to maturity of the long-term loans from financial institutions were as follows:

	In Thousand Baht	
	2010	2009
Within one year	182,582	127,709
After one year but within five years	478,710	373,637
Total	<u>661,292</u>	<u>501,346</u>

Details of long-term loans are as follows:

In Thousand Baht	Interest rate	Monthly repayment	In Thousand Baht		Periods of repayment	
			2010	2009	From	To
Credit line						
100,000	MLR	1,930 (Included interest)	6,452	28,529	March 2006	March 2011
170,000	MLR	3,100 (Included interest)	95,918	126,482	July 2008	June 2014
120,000	MLR	2,200 (Included interest)	49,825	72,560	October 2007	June 2013
120,000	MLR ^(a)	2,200 (Included interest)	21,740	30,000	August 2010	August 2017
207,000	MLR	As stipulate in agreement	145,000	174,400	April 2008	July 2014
6,000	MLR	75	-	2,175	September 2005	August 2012
160,000	MLR ^(b)	2,230	100,410	67,200	September 2010	September 2016
138,000	MLR ^(c)	2,300	114,211	-	May 2011	April 2016
177,000	MLR ^(d)	2,460	107,136	-	August 2011	July 2017
170,000	MLR-0.25 ^(e)	3,550	20,600	-	December 2011	November 2015
Total long-term loans			661,292	501,346		
Less current portion			(182,582)	(127,709)		
Net			478,710	373,637		

Details of long-term loans are as follows:

In Thousand Baht	Interest rate	Monthly repayment	In Thousand Baht		Periods of repayment	
			2010	2009	From	To
Credit line						
100,000	MLR	1,930 (Included interest)	6,452	28,529	March 2006	March 2011
170,000	MLR	3,100 (Included interest)	95,918	126,482	July 2008	June 2014
120,000	MLR	2,200 (Included interest)	49,825	72,560	October 2007	June 2013
120,000	MLR ^(a)	2,200 (Included interest)	21,740	30,000	August 2010	August 2017
207,000	MLR	As stipulate in agreement	145,000	174,400	April 2008	July 2014
6,000	MLR	75	-	2,175	September 2005	August 2012
160,000	MLR ^(b)	2,230	100,410	67,200	September 2010	September 2016
138,000	MLR ^(c)	2,300	114,211	-	May 2011	April 2016
177,000	MLR ^(d)	2,460	107,136	-	August 2011	July 2017
170,000	MLR-0.25 ^(e)	3,550	20,600	-	December 2011	November 2015
Total long-term loans			661,292	501,346		
Less current portion			(182,582)	(127,709)		
Net			478,710	373,637		

- (a) Interest at MLR minus 1.5% per annum up to September 2010.
- (b) Interest at MLR minus 1.5% per annum up to September 2012.
- (c) Interest at MLR minus 1.5% per annum up to May 2013.
- (d) Interest at MLR minus 1.5% per annum up to August 2013.
- (e) Interest at MLR minus 1.75% per annum up to November 2011 and MLR minus 1.5% per annum up to November 2013.

The above loans are secured by assets as described in Note 10.

14. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	In Thousand Baht	
	2010	2009
Accrued expenses	33,333	19,138
Accrued bonus	16,000	11,275
Deposits received in advance	6,267	5,442
Accrued interest expense	4,198	2,270
Others	6,645	5,110
Total	66,443	43,235

15. SHARE CAPITAL

	In Baht Par value	In Thousand Shares /In Thousand Baht			
		2010		2009	
		Number	Amount	Number	Amount
Authorized					
At January 1, and					
December 31,					
- ordinary shares	1	960,000	960,000	960,000	960,000
Issued and fully paid-up					
At January 1,					
- ordinary shares		960,000	960,000	700,000	700,000
100% called for		-	-	260,000	260,000
At December 31,					
- ordinary shares		960,000	960,000	960,000	960,000

In August 2009, the Company offered newly issued 260,000,000 ordinary shares to the public. The Company received the proceeds of Baht 663 million which was separately recorded as its share capital of Baht 260 million and share premium of approximately Baht 383.1 million (net of related expenses incurred for the offering of ordinary shares of approximately Baht 19.9 million) under the "Shareholders' equity" in the balance sheet as at December 31, 2009.

16. SHARE PREMIUM

The share premium is set up under the provision of Section 51 of the Public Companies Act B.E. 2535, which requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). The share premium is not available for dividend distribution.

17. FAIR VALUE CHANGES

Fair value changes recognized in shareholders' equity relate to cumulative net change in the fair value of available-for-sale security and surpluses arising from the revaluations of assets.

The Company engaged Noble Property Valuation Co., Ltd., an independent professional appraisal firm, to appraise the Company's land and land improvements, buildings and building improvements and assets for future development (land and building held for near future development). The appraisal reports were dated on various dates in December 2007, using the Market Comparison Approach for land and Replacement Cost Approach for land improvements, buildings and building improvements. The Company recorded net revaluation increment of assets amounting to Baht 654.4 million and Baht 674.8 million as part of "Revaluation surplus on property - net" under "Shareholders' equity" in the balance sheets as at December 31, 2010 and 2009, respectively.

18. LEGAL RESERVE

The legal reserve is set up under the provisions of Section 116 of the Public Companies Act B.E. 2535. Section 116 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.

19. DIVIDEND

At the annual general meeting of the shareholders of the Company held on April 23, 2010, the shareholders approved the payment of annual dividends of Baht 0.13 per share, amounting to Baht 124.8 million. The dividends were paid to the shareholders on May 12, 2010.

20. EXPENSES BY NATURE

Significant expenses by nature are as follows:

	In Thousand Baht	
	2010	2009
Changes in merchandises	(816,668)	(528,357)
Effect of merchandises from devaluation	-	(9,297)
Purchase of merchandises	5,728,127	4,082,857
Employee costs	209,479	156,638
Depreciation and amortization	130,439	103,965
Utility expenses	30,661	23,498
Management remuneration	19,639	15,975
Marketing, advertising and sale promotion expenses	16,584	21,376

21. MANAGEMENT REMUNERATION

Management remuneration for the years ended December 31, 2010 and 2009 were as follows:

	In Thousand Baht	
	2010	2009
Salary and bonus- employment management	14,042	14,118
Salary and bonus - non-employment management	1,100	195
Meeting remuneration	1,395	1,265
Others	3,102	397
Total	19,639	15,975

22. INCOME TAX

The Company used income tax rate of 25% for the calculation of corporate income tax for the year ended December 31, 2010 attributable to the Section 3 and Section 4 of the Royal Decree Issued Under the Revenue Code Regarding Deduction in Tax Rate (No. 467) B.E. 2550.

The Company used income tax rate 30% for the calculation of corporate income tax for the year ended December 31, 2009.

23. SEGMENT INFORMATION

Management considers that the Company operates in a single line of business, namely the construction supplies business, and has therefore, only one business segment.

Management considers that the Company operates mainly in a single geographic area, namely in Thailand, and has, therefore, only one major geographic segment.

24. PROVIDENT FUNDS

The Company has established contributory provident funds for their employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at the rate of 3% of their basic salaries and by the Company at the same rate. The provident funds are registered with the Ministry of Finance as juristic entities under the Provident Fund Act B.E. 2530 and are managed by licensed Fund Managers.

25. FINANCIAL INSTRUMENTS

Financial risk management policies

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not issue derivative financial instruments for trading purposes.

Foreign currency risk

The Company is exposed to foreign currency risk relating to purchases of goods which are denominated in foreign currencies.

As at December 31, 2010, the Company has no outstanding balance of forward purchase contract. The outstanding unhedge foreign currency liabilities due within one year amounted to U.S. Dollars 2,788 thousand.

Management believes that said foreign currency risk is minimal.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

Fair values

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In determining the fair value of its financial assets and liabilities, the Company takes into account its current circumstances and the costs that would be incurred to exchange or settle the underlying financial instrument.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents and trade accounts receivable - the carrying values approximate their fair values due to the relatively short-term maturity of these financial instruments.

Short-term loans from financial institutions, trade accounts payable and other payables - the carrying amounts of these financial liabilities approximate their fair values due to the relatively short-term maturity of these financial instruments.

Investment in available-for-sales security is determined by reference to its quoted bid price.

Long-term loans mainly bear interest at floating rate, reference to the market rate - the carrying value approximates their fair value.

26. COMMITMENTS AND CONTINGENT LIABILITIES

As at December 31, 2010, the Company had:

- a) commitment to purchase land from third parties amounting to Baht 236.6 million,
- b) unused letters of credit totaling U.S. Dollars 1.5million (equivalent to Baht 46.8 million), and
- c) contingent liability for letters of guarantee issued by certain local banks in favor of a state enterprise and a local company totaling Baht 4.4 million.

27. OTHER

During the year 2009, the Company had received the final insurance claim for the fire accident from the insurance company amounting to Baht 193.6 million and had income from sale of damage goods and scrap amounting to Baht 22.1 million. Accordingly, the Company recorded the total amount of Baht 215.7 million as part of "Other income" in the statement of income for the year ended December 31, 2009.

28. RECLASSIFICATION OF ACCOUNTS

Certain accounts in the 2009 financial statements have been reclassified to conform with the presentation in the 2010 financial statements as follows:

	In Thousand Baht		
	Before Reclassify	Reclassify	After reclassify
Selling expenses	49,766	99,861	149,627
Administrative expenses	335,656	(99,861)	235,795

29. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for dissemination by the Company's directors on February 16, 2011.

The First, Large Scale Home Improvement Retailer *in Thailand*



บริษัท สยามโกลบอลเฮ้าส์ จำกัด (มหาชน)

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

232 หมู่ที่ 19 ตำบลรอบเมือง อำเภอเมืองร้อยเอ็ด จังหวัดร้อยเอ็ด 45000

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